

FRESH DEL MONTE PRODUCE INC

Form 10-Q

November 01, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

1-14706

(Commission file number)

FRESH DEL MONTE PRODUCE INC.

(Exact Name of Registrant as Specified in Its Charter)

The Cayman Islands

N/A

(State or Other Jurisdiction of

(I.R.S Employer

Incorporation or Organization)

Identification No.)

c/o Intertrust Corporate Services (Cayman) Limited

190 Elgin Avenue

N/A

George Town, Grand Cayman, KY1-9005

Cayman Islands

(Address of Registrant's Principal Executive Office) (Zip Code)

(305) 520-8400

(Registrant's telephone number including area code)

Please send copies of notices and communications from the Securities and Exchange Commission to:

c/o Del Monte Fresh Produce Company

241 Sevilla Avenue

Coral Gables, Florida 33134

(Address of Registrant's U.S. Executive Office)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting
company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 21, 2016, there were 51,804,173 ordinary shares of Fresh Del Monte Produce Inc. issued and outstanding.

Forward-Looking Statements

This report, information included in future filings by us and information contained in written material, press releases and oral statements, issued by or on behalf of us contains, or may contain, statements that constitute forward-looking statements. In this report, these statements appear in a number of places and include statements regarding the intent, beliefs or current expectations of us or our officers (including statements preceded by, followed by or that include the words “believes”, “expects”, “anticipates” or similar expressions) with respect to various matters, including our plans and future performance. These forward-looking statements involve risks and uncertainties. Fresh Del Monte’s actual plans and performance may differ materially from those in the forward-looking statements as a result of various factors, including (i) the uncertain global economic environment and the timing and strength of a recovery in the markets we serve, and the extent to which adverse economic conditions continue to affect our sales volume and results, including our ability to command premium prices for certain of our principal products, or increase competitive pressures within the industry, (ii) the impact of governmental initiatives in the United States and abroad to spur economic activity, including the effects of significant government monetary or other market interventions on inflation, price controls and foreign exchange rates, (iii) the impact of governmental trade restrictions, including adverse governmental regulation that may impact our ability to access certain markets such as uncertainty surrounding the recent vote in the United Kingdom to leave the European Union (often referred as Brexit), including spillover effects to other Eurozone countries, (iv) our anticipated cash needs in light of our liquidity, (v) the continued ability of our distributors and suppliers to have access to sufficient liquidity to fund their operations, (vi) trends and other factors affecting our financial condition or results of operations from period to period, including changes in product mix or consumer demand for branded products such as ours, particularly as consumers remain price-conscious in the current economic environment; anticipated price and expense levels; the impact of crop disease, severe weather conditions, such as flooding, or natural disasters, such as earthquakes, on crop quality and yields and on our ability to grow, procure or export our products; the impact of prices for petroleum-based products and packaging materials; and the availability of sufficient labor during peak growing and harvesting seasons, (vii) the impact of pricing and other actions by our competitors, particularly during periods of low consumer confidence and spending levels, (viii) the impact of foreign currency fluctuations, (ix) our plans for expansion of our business (including through acquisitions) and cost savings, (x) our ability to successfully integrate acquisitions into our operations, (xi) the impact of impairment or other charges associated with exit activities, crop or facility damage or otherwise, (xii) the timing and cost of resolution of pending and future legal and environmental proceedings or investigations, (xiii) the impact of changes in tax accounting or tax laws (or interpretations thereof), and the impact of settlements of adjustments proposed by the Internal Revenue Service or other taxing authorities in connection with our tax audits, and (xiv) the cost and other implications of changes in regulations applicable to our business, including potential legislative or regulatory initiatives in the United States or elsewhere directed at mitigating the effects of climate change. All forward-looking statements in this report are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our plans and performance may also be affected by the factors described in Item 1A-“Risk Factors” in our Annual Report on Form 10-K for the year ended January 1, 2016 along with other reports that we have on file with the Securities and Exchange Commission.

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Unaudited)
(U.S. dollars in millions, except share and per share data)

	September 30, 2016	January 1, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 23.2	\$ 24.9
Trade accounts receivable, net of allowance of \$8.9 and \$9.3, respectively	341.1	346.1
Other accounts receivable, net of allowance of \$7.8 and \$7.9, respectively	67.7	71.3
Inventories, net	465.3	481.9
Deferred income taxes	—	11.9
Prepaid expenses and other current assets	35.8	49.7
Total current assets	933.1	985.8
Investments in and advances to unconsolidated companies	2.0	2.0
Property, plant and equipment, net	1,252.2	1,215.4
Deferred income taxes	58.8	42.6
Goodwill	261.4	263.7
Other noncurrent assets	91.6	86.6
Total assets	\$ 2,599.1	\$ 2,596.1
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 352.3	\$ 359.1
Current portion of long-term debt and capital lease obligations	0.5	1.5
Deferred income taxes	—	14.9
Income taxes and other taxes payable	22.4	6.3
Total current liabilities	375.2	381.8
Long-term debt and capital lease obligations	137.1	252.7
Retirement benefits	88.9	86.5
Other noncurrent liabilities	49.7	50.1
Deferred income taxes	87.9	74.1
Total liabilities	738.8	845.2
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; 51,804,173 and 52,542,965 issued and outstanding, respectively	0.5	0.5
Paid-in capital	556.8	568.2
Retained earnings	1,309.6	1,162.3

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Accumulated other comprehensive loss	32.5	23.0
Total Fresh Del Monte Produce Inc. shareholders' equity	1,834.4	1,708.0
Noncontrolling interests	25.9	42.9
Total shareholders' equity	1,860.3	1,750.9
Total liabilities and shareholders' equity	\$ 2,599.1	\$ 2,596.1

See accompanying notes.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(U.S. dollars in millions, except share and per share data)

	Quarter ended		Nine months ended	
	September 25, 2016	September 25, 2015	September 25, 2016	September 25, 2015
Net sales	\$950.2	\$ 936.1	\$3,056.9	\$ 3,078.6
Cost of products sold	831.4	852.8	2,652.0	2,780.9
Gross profit	118.8	83.3	404.9	297.7
Selling, general and administrative expenses	49.0	47.7	140.6	133.5
Loss (gain) on disposal of property, plant and equipment, net	0.7	(0.3) (5.1) (2.5
Asset impairment and other charges, net	25.0	1.5	28.1	2.4
Operating income	44.1	34.4	241.3	164.3
Interest expense	0.5	0.7	2.7	3.3
Interest income	0.2	0.3	0.6	0.5
Other expense (income), net	2.0	(1.3) (1.3) 4.7
Income before income taxes	41.8	35.3	240.5	156.8
Provision for income taxes	5.6	5.4	25.4	16.8
Net income	\$36.2	\$ 29.9	\$215.1	\$ 140.0
Less: Net income attributable to noncontrolling interests	1.0	1.4	2.0	4.5
Net income attributable to Fresh Del Monte Produce Inc.	\$35.2	\$ 28.5	\$213.1	\$ 135.5
Net income per ordinary share attributable to Fresh Del Monte Produce Inc. - Basic	\$0.68	\$ 0.54	\$4.14	\$ 2.57
Net income per ordinary share attributable to Fresh Del Monte Produce Inc. - Diluted	\$0.68	\$ 0.54	\$4.11	\$ 2.54
Dividends declared per ordinary share	\$0.150	\$ 0.125	\$0.400	\$ 0.375
Weighted average number of ordinary shares:				
Basic	51,497,621	52,788,564	51,430,234	52,817,849
Diluted	51,993,288	53,208,152	51,910,068	53,247,184

See accompanying notes.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(U.S. dollars in millions)

	Quarter ended		Nine months ended	
	September 2016	September 2015	September 2016	September 2015
Net income	\$36.2	\$ 29.9	\$215.1	\$ 140.0
Other comprehensive income:				
Net unrealized loss on derivatives	(1.8)	(7.5)	(11.4)	(7.5)
Net unrealized foreign currency translation (loss) gain	0.9	(4.9)	2.1	(11.5)
Net change in retirement benefit adjustment, net of tax	0.1	0.3	0.3	0.9
Comprehensive income	\$35.4	\$ 17.8	\$206.1	\$ 121.9
Less: comprehensive income attributable to noncontrolling interests	1.0	0.6	2.4	3.6
Comprehensive income attributable to Fresh Del Monte Produce Inc.	\$34.4	\$ 17.2	\$203.7	\$ 118.3

See accompanying notes.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(U.S. dollars in millions)

	Nine months ended	
	September 30,	September 25,
	2016	2015
Operating activities:		
Net income	\$215.1	\$ 140.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57.6	53.7
Amortization of debt issuance costs	0.3	0.3
Stock-based compensation expense	22.8	11.2
Asset impairment, net	8.5	2.4
Change in uncertain tax positions	(0.5)	(0.1)
Gain on disposal of property, plant and equipment	(5.1)	(2.5)
Deferred income taxes	(6.1)	1.2
Excess tax benefit from stock-based compensation	(2.6)	(1.1)
Foreign currency translation adjustment	(1.1)	(4.9)
Changes in operating assets and liabilities:		
Receivables	12.2	8.6
Inventories	15.5	21.3
Prepaid expenses and other current assets	4.8	(4.5)
Accounts payable and accrued expenses	14.1	15.4
Other noncurrent assets and liabilities	(1.9)	(2.8)
Net cash provided by operating activities	333.6	238.2
Investing activities:		
Capital expenditures	(98.4)	(90.0)
Proceeds from sales of property, plant and equipment	11.0	6.1
Purchase of a business	(7.1)	—
Net cash used in investing activities	(94.5)	(83.9)
Financing activities:		
Proceeds from long-term debt	359.1	419.5
Payments on long-term debt	(477.9)	(474.9)
Purchase of noncontrolling interest	(45.0)	—
Distributions to noncontrolling interests, net	(0.5)	(1.8)
Proceeds from stock options exercised	10.7	32.6
Excess tax benefit from stock-based compensation	2.6	1.1
Dividends paid	(20.5)	(19.7)
Repurchase and retirement of ordinary shares	(68.7)	(112.8)
Net cash used in by financing activities	(240.2)	(156.0)
Effect of exchange rate changes on cash	(0.6)	10.2
Net (decrease) increase in cash and cash equivalents	(1.7)	8.5
Cash and cash equivalents, beginning	24.9	34.1
Cash and cash equivalents, ending	\$23.2	\$ 42.6
Supplemental cash flow information:		
Cash paid for interest	\$2.3	\$ 2.8

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Cash paid for income taxes	\$9.7	\$ 7.3
Non-cash financing and investing activities:		
Purchase of assets under capital lease obligations	\$0.1	\$ 1.0
Retirement of ordinary shares	\$66.9	\$ 97.7
Dividends on restricted share units	\$(0.5)	\$ (0.4)

See accompanying notes.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. General

Reference in this report to Fresh Del Monte, “we”, “our”, “us” and the “Company” refer to Fresh Del Monte Produce Inc. and its subsidiaries, unless the context indicates otherwise.

We were incorporated under the laws of the Cayman Islands in 1996 and are engaged primarily in the worldwide production, transportation and marketing of fresh produce. We source our products, which include bananas, pineapples, melons, tomatoes, avocados and non-tropical fruit (including grapes, apples, pears, peaches, plums, nectarines, citrus and kiwis) primarily from Central America, North America, South America, Africa, the Philippines and Europe. We distribute our products in North America, Europe, Asia, South America, Africa and the Middle East. Our products are sourced from our Company-owned farms, through joint venture arrangements and through supply contracts with independent growers. We have the exclusive right to use the DEL MONTE® brand for fresh fruit, fresh vegetables and other fresh and fresh-cut produce and certain other specified products on a royalty-free basis under a worldwide, perpetual license from Del Monte Corporation, an unaffiliated company that owns the DEL MONTE® trademark. We are also a producer, marketer and distributor of prepared fruit and vegetable, juices and snacks and we hold a perpetual, royalty-free license to use the DEL MONTE® brand for prepared foods throughout Europe, Africa, the Middle East and countries formerly part of the Soviet Union. Del Monte Corporation and several other unaffiliated companies manufacture, distribute and sell under the DEL MONTE® brand canned or processed fruit, vegetables and other produce, as well as dried fruit, snacks and other products in certain geographic regions.

The accompanying unaudited Consolidated Financial Statements for the quarter ended September 30, 2016 have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments of a normal recurring nature considered necessary for fair presentation have been included. Operating results for the quarter and nine months ended September 30, 2016 are subject to significant seasonal variations and are not necessarily indicative of the results that may be expected for the year ending December 30, 2016. For further information, refer to the Consolidated Financial Statements and notes thereto included in our annual report on Form 10-K for the fiscal year ended January 1, 2016.

We are required to evaluate events occurring after September 30, 2016 for recognition and disclosure in the unaudited Consolidated Financial Statements for the quarter and nine months ended September 30, 2016. Events are evaluated based on whether they represent information existing as of September 30, 2016, which require recognition in the unaudited Consolidated Financial Statements, or new events occurring after September 30, 2016, which do not require recognition but require disclosure if the event is significant to the unaudited Consolidated Financial Statements. We evaluated events occurring subsequent to September 30, 2016 through the date of issuance of these unaudited Consolidated Financial Statements.

2. Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"), Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues

in an effort to reduce diversity in practice. This ASU will be effective for us beginning the first day of our 2018 fiscal year. Early adoption is permitted. We are evaluating the impact of adoption of this ASU on our cash flows, but do not expect this ASU to have a significant effect.

In March 2016, the FASB issued an ASU, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This ASU will be effective for us beginning the first day of our 2017 fiscal year. Early adoption is permitted. We are evaluating the impact of adoption of this ASU on our financial condition, result of operations and cash flows, but do not expect this ASU to have a significant effect.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

2. Recently Issued Accounting Pronouncements (continued)

In February 2016, the FASB issued an ASU, which requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize a straight-line total lease expense. The guidance also requires qualitative and specific quantitative disclosures to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities, including significant judgments and changes in judgments. This ASU will be effective for us beginning the first day of our 2019 fiscal year. Early adoption is permitted. We are evaluating the impact of adoption of this ASU on our financial condition, result of operations and cash flows, but do not expect this ASU to have a significant effect.

In November 2015, the FASB issued an ASU, which amends the existing accounting standards for income taxes. The amendment required companies to report their deferred tax liabilities and deferred tax assets each as a single non-current item on their classified balance sheets. The Company elected to adopt the amendments in the first quarter of fiscal year 2016 and applied them prospectively to the current period presented, as permitted by the standard. The adoption of the amendments had no impact on the Company's net earnings or cash flow from operations for any period presented.

In July 2015, the FASB issued an ASU for measuring inventory. The core principal of the guidance is that an entity should measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. This guidance does not apply to inventory that is being measured using the Last-In, First-Out (LIFO) or the retail inventory method. The guidance is effective for us on a prospective basis beginning on the first day of our fiscal 2017 year. Early adoption is permitted. We are evaluating the impact of adoption of this ASU on our financial condition, result of operations and cash flows, but do not expect this ASU to have a significant effect.

In May 2014, the FASB issued an ASU in the form of a comprehensive new revenue recognition standard that will supersede existing revenue guidance. The ASU's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The standard outlines a five step model, whereby revenue is recognized as performance obligations within a contract are satisfied. The standard also requires new, expanded disclosures regarding revenue recognition. The amendments in this ASU will be effective for us beginning the first day of our 2018 fiscal year. Early adoption is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We have not yet selected a transition method. We are evaluating the impact of adoption of this ASU on our financial condition, result of operations and cash flows, but do not expect this ASU to have a significant effect.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

3. Asset Impairment and Other Charges, Net

The following represents a summary of asset impairment, exit activity and other charges (credits), net recorded during the quarters and nine months ended September 30, 2016 and September 25, 2015 (U.S. dollars in millions):

	Quarter ended September 30, 2016			Nine months ended September 30, 2016		
	Long-lived and other asset impairment	Exit activity and other charges	Total	Long-lived and other asset impairment	Exit activity and other charges	Total
Banana segment:						
United Kingdom contract termination costs	\$—	\$ 0.7	\$0.7	\$—	\$ 0.7	\$0.7
Brazil exit activities due to drought conditions	2.2	0.2	2.4	2.2	0.2	2.4
Philippines plantation conversion to pineapple	—	—	—	2.5	—	2.5
Underutilized assets in Central America	0.6	—	0.6	1.2	—	1.2
Prepared food segment:						
Poultry goodwill impairment due to underperformance	2.6	—	2.6	2.6	—	2.6
Other:						
President/COO transition	—	18.7	18.7	—	18.7	18.7
Total asset impairment and other charges, net	\$5.4	\$ 19.6	\$25.0	\$8.5	\$ 19.6	\$28.1
	Quarter ended September 25, 2015			Nine months ended September 25, 2015		
	Long-lived and other asset impairment	Exit activity and other charges	Total	Long-lived and other asset impairment	Exit activity and other charges (credits)	Total
Banana segment:						
Guatemala banana production assets held for sale	\$1.0	\$ —	\$1.0	\$1.0	\$ —	\$1.0
European Union Antitrust settlement gain	—	—	—	—	(0.8)	(0.8)
Other fresh produce segment:						
Chile floods	—	0.5	0.5	1.2	0.8	2.0
Other fresh produce segment credits	—	—	—	—	(0.1)	(0.1)
Prepared food segment:						
Other prepared food segment charges	—	—	—	0.2	0.1	0.3
Total asset impairment and other charges (credits), net	\$1.0	\$ 0.5	\$1.5	\$2.4	\$ —	\$2.4

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

3. Asset Impairment and Other Charges, Net (continued)

Exit Activity and Other Reserves

Exit activity and other reserve balances are recorded in the Consolidated Balance Sheets included in accounts payable and accrued expenses, for the current portion and in other noncurrent liabilities for the noncurrent portion.

The following is a rollforward of 2016 exit activity and other reserves (U.S. dollars in millions):

	Exit activity and other reserve balance at January 1, 2016	Impact to earnings	Cash paid	Foreign exchange impact	Exit activity and other reserve balance at September 30, 2016
Contract termination and other exit activity charges	\$ 1.1	\$ 0.9	\$(0.4)	\$ (0.1)	\$ 1.5
	\$ 1.1	\$ 0.9	\$(0.4)	\$ (0.1)	\$ 1.5

The exit activity and other reserve balances at September 30, 2016 include \$1.3 million related to contract termination costs for an underutilized facility in the United Kingdom of which \$0.7 million was included for the quarter and nine months ended September 30, 2016 and the remaining relates to previous periods. The exit activity and other reserve balances at September 30, 2016 also includes \$0.2 million related to termination benefits for Brazil exit activities due to drought conditions. We do not expect additional charges related to the exit and other activities mentioned above that would significantly impact our results of operations or financial condition.

4. Acquisition

During June 2016, we purchased a blueberry farm in Chile of approximately 320 acres, which includes agricultural production land, packing houses and farm equipment. The purchase price for this business was \$7.1 million and was funded using operating cash flows and available borrowings under the Credit Facility (as defined in Note 10 “Long-Term Debt and Capital Lease Obligations”). The accounting for this business combination has been completed during the quarter ended September 30, 2016 and we adjusted \$0.8 million of goodwill in our Other Fresh Produce segment with a corresponding reduction in property, plant and equipment to the previously recorded preliminary amounts. Goodwill represents the excess purchase price above the fair market value of the net assets acquired.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

5. Noncontrolling Interests

The following table reconciles shareholders' equity attributable to noncontrolling interests (U.S. dollars in millions):

	Nine months ended	
	September 30,	September 25,
	2016	2015
Noncontrolling interests, beginning	\$42.9	\$ 40.0
Purchase of noncontrolling interest ⁽¹⁾	(19.5)	—
Net income attributable to noncontrolling interests	2.0	4.5
Translation adjustments	0.3	(1.1)
Retirement benefit adjustment	(0.1)	(0.1)
Capital contributions from, net	0.3	0.1
Noncontrolling interests, ending	\$25.9	\$ 43.4

We purchased the remaining interest of our Variable Interest Entity ("VIE") for \$45.0 million on April 28, 2016.

(1) We recorded a charge of \$25.5 million to equity as a result of the difference between the fair value of the consideration of \$45.0 million less the \$19.5 million carrying value of the noncontrolling interest. Refer to Note 6, "Variable interest Entities", for disclosures related to the purchase of the remaining interest in our VIE.

6. Variable Interest Entities

One of our Del Monte Gold[®] Extra Sweet pineapple producers met the definition of a VIE pursuant to the ASC guidance on "Consolidation" and is consolidated. Our variable interest in this entity included an equity investment and certain debt guarantees. All of this VIE's pineapple production was sold to us. Based on the criteria of this ASC, as amended, we were the primary beneficiary of this VIE's expected residual returns or losses in excess of our ownership interest.

On April 28, 2016, we acquired the remaining interest of our VIE for \$45.0 million, which we paid using operating cash flows and available borrowings under the Credit Facility (as defined in Note 10 "Long-Term Debt and Capital Lease Obligations"). We recorded a charge of \$25.5 million to equity as a result of the difference between the fair value of the consideration of \$45.0 million less the \$19.5 million carrying value of the noncontrolling interest. This acquisition of the remaining 60% ownership interest was accounted for as an acquisition of a noncontrolling interest.

7. Financing Receivables

Financing receivables are included in other accounts receivable less allowances on our accompanying Consolidated Balance Sheets and are recognized at net realizable value, which approximates fair value. Other accounts receivable may include value-added taxes receivables, seasonal advances to growers and suppliers, which are usually short-term in nature, and other financing receivables.

A significant portion of the fresh produce we sell is acquired through supply contracts with independent growers. In order to ensure the consistent high quality of our products and packaging, we make advances to independent growers and suppliers. These growers and suppliers typically sell all of their production to us and make payments on their advances as a deduction to the agreed upon selling price of the fruit or packaging material. The majority of the

advances to growers and suppliers are for terms less than one year and typically span a growing season. In certain cases, there may be longer term advances with terms of up to 10 years.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

7. Financing Receivables (continued)

These advances are collateralized by property liens and pledges of the respective season's produce; however, certain factors such as unfavorable weather conditions, crop disease and financial stability could impact the ability for these growers to repay their advance. Occasionally, we agree to a payment plan or take steps to recover the advance via established collateral. Allowances for advances to independent growers and suppliers are determined on a case by case basis depending on the production for the season and other contributing factors.

The following table details financing receivables including the related allowance for advances to independent growers and suppliers (U.S. dollars in millions):

	September 30, 2016		January 1, 2016	
	Short-term	Long-term	Short-term	Long-term
Gross advances to independent growers and suppliers	\$ 39.7	\$ 0.2	\$ 41.7	\$ 0.3
Allowance for advances to independent growers and suppliers	(1.5)	—	(2.1)	—
Net advances to independent growers and suppliers	\$ 38.2	\$ 0.2	\$ 39.6	\$ 0.3

The current and noncurrent portions of the financing receivables included above are classified in the Consolidated Balance Sheets in other accounts receivable and other noncurrent assets, respectively.

The following table details the credit risk profile of the above listed financing receivables (U.S. dollars in millions):

	Current status	Past due	Total
Gross advances to independent growers and suppliers:			
September 30, 2016	\$ 38.4	\$ 1.5	\$ 39.9
January 1, 2016	39.9	2.1	42.0

The allowance for advances to independent growers and suppliers and the related financing receivables for the quarters and nine months ended September 30, 2016 and September 25, 2015 were as follows (U.S. dollars in millions):

	Quarter ended September 30, 2016		Nine months ended September 25, 2016		September 25, 2015	
Allowance for advances to independent growers and suppliers:						
Balance, beginning of period	\$ 1.6	\$ 2.0	\$ 2.1	\$ 2.4		
Provision for uncollectible amounts	—	0.1	—	0.2		
Deductions to allowance related to write-offs	(0.1)	—	(0.6)	(0.5)		
Balance, end of period	\$ 1.5	\$ 2.1	\$ 1.5	\$ 2.1		

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

8. Stock-Based Compensation

Our shareholders approved and ratified the 2014 Omnibus Share Incentive Plan (the "2014 Plan"), which allows us to grant equity-based compensation awards, including stock options, restricted stock awards and restricted stock units including performance stock units. We disclosed the significant terms of the 2014 Plan and prior plans in our annual financial statements included in our Annual Report on Form 10-K for the year ended January 1, 2016.

Stock-based compensation expense included in selling, general and administrative expenses related to stock options, restricted stock awards ("RSA"), restricted stock units ("RSUs") and performance stock units ("PSUs") is included in the accompanying Consolidated Statements of Income were as follows (U.S. dollars in millions):

	Quarter ended		Nine months ended	
	September 30, 2016	September 25, 2015	September 30, 2016	September 25, 2015
Stock Options	\$ 0.8	\$ 1.0	\$ 2.1	\$ 3.1
RSUs/PSUs	14.0	3.9	19.7	7.4
RSAs	—	—	0.9	0.7
Total	\$ 14.8	\$ 4.9	\$ 22.7	\$ 11.2

There were \$2.6 million for the nine months ended September 30, 2016 and \$1.1 million for the nine months ended September 25, 2015 due to the realization excess share-based payment deductions resulting from stock options exercised through a reduction in taxes currently payable and related effect on cash flows. Excess tax payment deductions occur when the intrinsic value of stock options exercised exceeds the recognized stock-based compensation expense. Proceeds of \$10.7 million for the nine months ended September 30, 2016 and \$32.6 million for the nine months ended September 25, 2015 were received from the exercise of stock-based options. During the quarter and nine months ended September 30, 2016, stock-based compensation expense of \$8.9 million related to the President/COO's transition is included in asset impairment and other charges, net.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

8. Stock-Based Compensation (continued)

Stock Option Awards

Under the 2014 Plan and prior plans, 20% of the options usually vest immediately, and the remaining options vest in equal installments over the next four years. Options under the 2014 Plan and prior plans may be exercised over a period not in excess of 10 years from the date of the grant. Prior plan provisions are still applicable to outstanding options and awards under those plans. There were no stock option grants for the nine months ended September 30, 2016 and for the nine months ended September 25, 2015.

The fair value for stock options was estimated at the date of grant using the Black-Scholes option pricing model, which requires us to make certain assumptions. Volatility is estimated based on the historical volatility of our stock over the past five years. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected term of grant. The dividend yield is estimated over the expected term based on our dividend policy, historical cash dividends and expected future cash dividends. The expected term of grant was based on the contractual term of the stock option and expected employee exercise and post-vesting employment termination trends. Forfeitures are estimated based on historical experience.

Restricted Stock Awards

A share of “restricted stock” is one of our ordinary shares that has restrictions on transferability until certain vesting conditions are met.

For RSAs awarded under the 2014 Plan, 50% of each award of our restricted stock vested on the date it was granted. The remaining 50% of each award vests upon the six-month anniversary of the date on which the recipient ceases to serve as a member of our Board of Directors. Restricted stock awarded during the nine months ended September 30, 2016 and September 25, 2015 allows directors to retain all of their awards once they cease to serve as a member of our Board of Directors and is considered a nonsubstantive service condition in accordance with the guidance provided by the ASC on “Compensation – Stock Compensation”. Accordingly, it is appropriate to recognize compensation cost immediately for restricted stock awards granted to non-management members of the Board of Directors.

The following table lists restricted stock awards under the 2014 plan for the nine months ended September 30, 2016 and September 25, 2015 (U.S. dollars in millions except share and per share data):

Date of award	Shares of restricted stock awarded	Price per share
January 4, 2016	22,946	\$38.13
January 2, 2015	21,875	33.60

Restricted Stock Units / Performance Stock Units

Under the 2014 Plan, each RSU/PSU represents a contingent right to receive one of our ordinary shares. The PSUs are subject to meeting minimum performance criteria set by the Compensation Committee of our Board of Directors. The actual number of shares the recipient receives is determined based on the results achieved versus performance goals. Those performance goals are based on exceeding a measure of our earnings. Depending on the results achieved, the

actual number of shares that an award recipient receives at the end of the period may range from 0% to 100% of the award units granted. Provided such criteria are met, the PSUs will vest in three equal annual installments on each of the next three anniversary dates provided that the recipient remains employed with us. The RSUs will vest 20% on the award date and 20% on each of the next four anniversaries.

RSUs and PSUs do not have the voting rights of ordinary shares, and the shares underlying the RSUs and PSUs are not considered issued and outstanding. However, shares underlying PSUs are included in the calculation of diluted earnings per share to the extent the performance criteria are met.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

8. Stock-Based Compensation (continued)

The fair market value for RSUs and PSUs is based on the closing price of our stock on the award date. Forfeitures are estimated based on population of employees and historical experiences.

The following table lists the various RSUs and PSUs awarded under the 2014 Plan for the nine months ended September 30, 2016 and September 25, 2015 (U.S. dollars in millions except share and per share data):

Date of award	Type of award	Units awarded	Price per share
September 2, 2016 ⁽¹⁾	RSU	50,000	\$58.94
August 3, 2016	RSU	226,500	59.83
February 24, 2016	PSU	140,000	38.99
February 24, 2016	RSU	50,000	38.99
July 29, 2015	RSU	237,000	40.03
February 18, 2015	PSU	175,000	33.44
February 18, 2015	RSU	50,000	33.44

⁽¹⁾ New grant related to the President/COO transition

RSUs and PSUs are eligible to earn Dividend Equivalent Units ("DEUs") equal to the cash dividend paid to ordinary shareholders. DEUs are subject to the same performance and/or service conditions as the underlying RSUs and PSUs and are forfeitable.

We expense the fair market value of RSUs and PSUs, as determined on the date of award, ratably over the vesting period provided the performance condition, if any, is probable.

9. Inventories

Inventories consisted of the following (U.S. dollars in millions):

	September 30, 2016	January 1, 2016
Finished goods	\$ 168.8	\$ 182.6
Raw materials and packaging supplies	135.2	140.8
Growing crops	161.3	158.5
Total inventories	\$ 465.3	\$ 481.9

10. Long-Term Debt and Capital Lease Obligations

The following is a summary of long-term debt and capital lease obligations (U.S. dollars in millions):

	September 30, 2016	January 1, 2016
Senior unsecured revolving credit facility (see Credit Facility below)	\$ 136.4	\$ 251.2
Various other notes payable	—	1.4

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Capital lease obligations	1.2	1.6
Total long-term debt and capital lease obligations	137.6	254.2
Less: Current portion	(0.5) (1.5
Long-term debt and capital lease obligations	\$ 137.1	\$ 252.7

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

10. Long-Term Debt and Capital Lease Obligations (continued)

Credit Facility

On April 16, 2015, we entered into a five-year \$800 million syndicated senior unsecured revolving credit facility maturing on April 15, 2020 (the "Credit Facility") with Bank of America, N.A. as administrative agent and Merrill Lynch, Pierce, Fenner & Smith Inc. as sole lead arranger and sole book manager. Borrowings under the Credit Facility bear interest at a spread over LIBOR that varies with our leverage ratio. The Credit Facility also includes a swing line facility and a letter of credit facility. We capitalized \$1.4 million of debt issuance costs, which are included in other noncurrent assets on our Consolidated Balance Sheets.

We have a renewable 364-day, \$25.0 million commercial and stand-by letter of credit facility with Rabobank Nederland.

The following is a summary of the material terms of the Credit Facility and other working capital facilities at September 30, 2016 (U.S. dollars in millions):

	Term	Maturity date	Interest rate	Borrowing limit	Available borrowings
Bank of America credit facility	5 years	April 15, 2020	1.55%	\$ 800.0	\$ 663.6
Rabobank letter of credit facility	364 days	June 21, 2017	Varies	25.0	13.5
Other working capital facilities	Varies	Varies	Varies	18.2	9.2
				\$ 843.2	\$ 686.3

The current margin for LIBOR advances is 1.00%. We intend to use funds borrowed under the Credit Facility from time to time for general corporate purposes, which may include the repayment, redemption or refinancing of our existing indebtedness, working capital needs, capital expenditures, funding of possible acquisitions, possible share repurchases and satisfaction of other obligations.

The Credit Facility requires us to comply with financial and other covenants, including limitations on capital expenditures, the amount of dividends that can be paid in the future, the amount and types of liens and indebtedness, material asset sales and mergers. As of September 30, 2016, we were in compliance with all of the covenants contained in the Credit Facility. The Credit Facility is unsecured as long as we maintain a certain leverage ratio and is guaranteed by certain of our subsidiaries. The Credit Facility permits borrowings under the revolving commitment with an interest rate determined based on our leverage ratio and spread over LIBOR. In addition, we pay a fee on unused commitments.

As of September 30, 2016, we applied \$11.5 million to the Rabobank Nederland letter of credit facility, in respect of certain contingent obligations and other governmental agency guarantees combined with guarantees for purchases of raw materials and equipment and other trade related letters of credit. We also had \$15.6 million in other letters of credit and bank guarantees not included in the Rabobank or Bank of America letter of credit facilities.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

11. Commitments and Contingencies

DBCP Litigation

Beginning in December 1993, certain of our U.S. subsidiaries were named among the defendants in a number of actions in courts in Texas, Louisiana, Hawaii, California and the Philippines involving claims by numerous non-U.S. plaintiffs alleging that they were injured as a result of exposure to a nematocide containing the chemical dibromochloropropane (“DBCP”) during the period 1965 to 1990. As a result of a settlement entered into in December 1998, the remaining unresolved DBCP claims against our U.S. subsidiaries are pending or subject to appeal in Hawaii, Delaware and the Philippines.

On October 14, 2004, two of our subsidiaries were served with a complaint in an action styled *Angel Abarca, et al. v. Dole Food Co., et al.* filed in the Superior Court of the State of California for the County of Los Angeles on behalf of more than 2,600 Costa Rican banana workers who claim injury from exposure to DBCP. On January 2, 2009, three of our subsidiaries were served with multiple complaints in related actions styled *Jorge Acosta Cortes, et al. v. Dole Food Company, et al.* filed in the Superior Court of the State of California for the County of Los Angeles on behalf of 461 Costa Rican residents. An initial review of the plaintiffs in the *Abarca* and *Cortes* actions found that a substantial number of the plaintiffs were claimants in prior DBCP actions in Texas and may have participated in the settlement of those actions. On June 27, 2008, the court dismissed the claims of 1,329 plaintiffs who were parties to prior DBCP actions. On June 30, 2008, our subsidiaries moved to dismiss the claims of the remaining *Abarca* plaintiffs on grounds of forum non conveniens in favor of the courts of Costa Rica. On September 22, 2009, the court granted the motion to dismiss and on November 16, 2009 entered an order conditionally dismissing the claims of those remaining plaintiffs who allege employment on farms in Costa Rica exclusively affiliated with our subsidiaries. Those dismissed plaintiffs re-filed their claim in Costa Rica on May 17, 2012. On January 18, 2013, all remaining plaintiffs in California filed Requests for Dismissal effecting the dismissal of their claims without prejudice. On September 25, 2013, our subsidiaries filed an answer to the claim re-filed with the courts of Costa Rica. A second DBCP-related lawsuit was filed in Costa Rica in March 2015. The claim has been assigned to the civil court system.

On May 31 and June 1, 2012, eight actions were filed against one of our subsidiaries in the United States District Court for the District of Delaware on behalf of approximately 3,000 plaintiffs alleging exposure to DBCP on or near banana farms in Costa Rica, Ecuador, Panama, and Guatemala. We and our subsidiaries have never owned, managed or otherwise been involved with any banana growing operations in Panama and were not involved with any banana growing operations in Ecuador during the period when DBCP was in use. The plaintiffs include claimants who had cases pending in the United States District Court for the Eastern District of Louisiana which were dismissed on September 17, 2012. On August 30, 2012, our subsidiary joined a motion to dismiss the claims of those plaintiffs on the grounds that they have first-filed claims pending in the United States District Court for the Eastern District of Louisiana. The motion was granted on March 29, 2013. On September 21, 2012, our subsidiary filed an answer with respect to the claims of those plaintiffs who had not already filed in Louisiana. On May 27, 2014, the court granted a motion made by a co-defendant and entered summary judgment against all plaintiffs based on the September 19, 2013 affirmance by the United States Court of Appeals for the Fifth Circuit of the dismissal of related cases by the United States District Court for the Eastern District of Louisiana. On July 7, 2014, our subsidiary joined in a motion for summary judgment as to all plaintiffs on the basis of the court’s May 27, 2014 ruling. Plaintiffs agreed that judgment be entered in favor of all defendants for the claims still pending in the United States District Court for the District of Delaware on the basis of the summary judgment granted on May 27, 2014 and the district court entered judgment dismissing all plaintiffs’ claims on September 22, 2014. On October 21, 2014, a notice of appeal was filed with the United States Court of Appeals for the Third Circuit, but the notice expressly limited the appeal to the claims of 57

(out of the more than 2,400) plaintiffs. On August 11, 2015, the Court of Appeals affirmed the dismissal of the claims of these plaintiffs. Plaintiffs filed a Motion for Rehearing en Banc with the Third Circuit, which was granted on September 22, 2015. The rehearing was held on February 17, 2016. On September 2, 2016, the Third Circuit reversed the District Court's dismissal of the claims of approximately 300 of the plaintiffs and remanded the case back to the District Court for further proceedings.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

11. Commitments and Contingencies (continued)

In Hawaii, plaintiffs filed a petition for certiorari to the Hawaii Supreme Court based upon the Hawaii Court of Appeals affirmance in March 2014 of a summary judgment ruling in defendants' favor at the trial court level. The Hawaii Supreme Court accepted the petition and oral argument was held on September 18, 2014 with respect to whether the claims of the six named plaintiffs were properly dismissed on statute of limitations grounds. On October 21, 2015, the Hawaii Supreme Court reversed the Hawaii Court of Appeals and the Hawaii state trial court's grant of partial summary judgment against the DBCP plaintiffs on statute of limitations grounds. The Hawaii Supreme Court remanded the case back to the Hawaii state trial court for further proceedings.

Kunia Well Site

In 1980, elevated levels of certain chemicals were detected in the soil and ground-water at a plantation leased by one of our U.S. subsidiaries in Honolulu, Hawaii (the "Kunia Well Site"). Shortly thereafter, our subsidiary discontinued the use of the Kunia Well Site and provided an alternate water source to area well users and the subsidiary commenced its own voluntary cleanup operation.

In 1993, the Environmental Protection Agency ("EPA") identified the Kunia Well Site for potential listing on the National Priorities List ("NPL") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended. On December 16, 1994, the EPA issued a final rule adding the Kunia Well Site to the NPL.

On September 28, 1995, our subsidiary entered into an order (the "Order") with the EPA to conduct the remedial investigation and the feasibility study of the Kunia Well Site. Under the terms of the Order, our subsidiary submitted a remedial investigation report in November 1998 and a final draft feasibility study in December 1999 (which was updated from time to time) for review by the EPA. The EPA approved the remedial investigation report in February 1999 and the feasibility study on April 22, 2003.

As a result of communications with the EPA in 2001, we recorded a charge of \$15.0 million in the third quarter of 2001 to increase the recorded liability to the estimated expected future cleanup cost for the Kunia Well Site to \$19.1 million. Based on conversations with the EPA in the third quarter of 2002 and consultation with our legal counsel and other experts, we recorded a charge of \$7.0 million during the third quarter of 2002 to increase the accrual for the expected future clean-up costs for the Kunia Well Site to \$26.1 million.

On September 25, 2003, the EPA issued the Record of Decision ("ROD"). The EPA estimates in the ROD that the remediation costs associated with the cleanup of the Kunia Well Site will range from \$12.9 million to \$25.4 million and will last approximately 10 years. It remains to be determined how long the remediation will actually last.

On January 13, 2004, the EPA deleted a portion of the Kunia Well Site (Northeast section) from the NPL. On May 2, 2005, our subsidiary signed a Consent Decree with the EPA for the performance of the clean-up work for the Kunia Well Site. On September 27, 2005, the U.S. District Court for Hawaii approved and entered the Consent Decree. Based on findings from remedial investigations at the Kunia Well Site, our subsidiary continues to evaluate with the EPA the clean-up work currently in progress in accordance with the Consent Decree.

During 2014, as a result of a meeting held with the EPA which resulted in changes to the remediation work being performed, we reduced the liability related to the Kunia well site clean-up by \$1.4 million. During 2015, due to market fluctuations which resulted in changes to the discount rate, we reduced the liability related to the Kunia well site

clean-up by \$0.8 million, net of other charges. The undiscounted estimates are between \$14.8 million and \$28.7 million. The undiscounted estimate on which our accrual is based totals \$15.7 million and is discounted using a 4% rate. As of September 30, 2016, there are \$12.9 million included in other noncurrent liabilities and \$0.7 million included in accounts payable and accrued expenses in the Consolidated Balance Sheets for the Kunia Well Site clean-up, which we expect to expend in the next 12 months. We expect to expend approximately \$0.7 million in 2016, \$1.7 million per year in 2017 and 2018, \$0.7 million in 2019, \$1.0 million in 2020 and \$7.8 million thereafter.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

11. Commitments and Contingencies (continued)

Additional Information

In addition to the foregoing, we are involved from time to time in various claims and legal actions incident to our operations, both as plaintiff and defendant. In the opinion of management, after consulting with legal counsel, none of these other claims are currently expected to have a material adverse effect on the results of operations, financial position or our cash flows.

We intend to vigorously defend ourselves in all of the above matters.

12. Earnings Per Share

Basic and diluted net income per ordinary share is calculated as follows (U.S. dollars in millions, except share and per share data):

	Quarter ended		Nine months ended	
	September 2016	September 2015	September 2016	September 2015
Numerator:				
Net income attributable to Fresh Del Monte Produce Inc.	\$ 35.2	\$ 28.5	\$ 213.1	\$ 135.5
Denominator:				
Weighted average number of ordinary shares - Basic	51,497,691	51,788,564	51,430,252	51,817,849
Effect of dilutive securities - Share based employee options and awards	495,602	419,588	479,834	429,335
Weighted average number of ordinary shares - Diluted	51,993,293	52,208,152	51,910,086	52,247,184
Antidilutive awards ⁽¹⁾	139,958	120,844	139,958	120,844
Net income per ordinary share attributable to Fresh Del Monte Produce Inc.:				
Basic	\$ 0.68	\$ 0.54	\$ 4.14	\$ 2.57
Diluted	\$ 0.68	\$ 0.54	\$ 4.11	\$ 2.54

(1) Certain unvested PSU's are not included in the calculation of net income per ordinary share because the effect would have been antidilutive.

Refer to Note 18, "Shareholders' Equity", for disclosures related to the stock repurchase program and retired shares.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

13. Retirement and Other Employee Benefits

The following table sets forth the net periodic benefit costs of our pension plans and post-retirement plans (U.S. dollars in millions):

	Quarter ended		Nine months ended	
	September 30, 2016	September 25, 2015	September 30, 2016	September 25, 2015
Service cost	\$ 1.3	\$ 1.4	\$ 3.9	\$ 4.3
Interest cost	1.7	1.7	4.9	5.0
Expected return on assets	(1.0)	(1.0)	(2.8)	(2.9)
Amortization of net actuarial loss	0.3	0.4	0.9	1.2
Net periodic benefit costs	\$ 2.3	\$ 2.5	\$ 6.9	\$ 7.6

We provide certain other retirement benefits to certain employees who are not U.S.-based not included above. Generally, benefits under these programs are based on an employee's length of service and level of compensation. These programs are immaterial to our consolidated financial statements. The net periodic benefit costs related to other non-U.S.-based plans is \$0.7 million for the quarters ended ended September 30, 2016 and \$0.5 million for the quarters ended September 25, 2015. The net periodic benefit costs related to other non-U.S.-based plans is \$1.9 million for the nine months ended September 30, 2016 and \$1.6 million for the nine months ended September 25, 2015.

14. Business Segment Data

We are principally engaged in one major line of business, the production, distribution and marketing of bananas, other fresh produce and prepared food. Our products are sold in markets throughout the world with our major producing operations located in North, Central and South America, Asia and Africa.

Our operations are aggregated into business segments on the basis of our products: bananas, other fresh produce and prepared food. Other fresh produce includes pineapples, melons, tomatoes, avocados, non-tropical fruit (including grapes, apples, pears, peaches, plums, nectarines, citrus, kiwis and blueberries), fresh-cut products, other fruit and vegetables, a third-party ocean freight business and a plastic products business. Prepared food includes prepared fruit and vegetables, juices, beverages, snacks, poultry and meat products.

We evaluate performance based on several factors, of which net sales and gross profit by product are the primary financial measures (U.S. dollars in millions):

	Quarter ended		Quarter ended	
	September 30, 2016	September 25, 2015	September 30, 2016	September 25, 2015
	Net Sales	Gross Profit	Net Sales	Gross Profit
Banana	\$424.4	\$39.6	\$425.2	\$20.6
Other fresh produce	433.6	62.0	420.3	48.9

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Prepared food	92.2	17.2	90.6	13.8
Totals	\$950.2	\$118.8	\$936.1	\$83.3

Nine months ended

September 30, 2016 September 25, 2015

	Net Sales	Gross Profit	Net Sales	Gross Profit
Banana	\$1,380.4	\$154.9	\$1,393.3	\$101.3
Other fresh produce	1,411.3	199.0	1,408.6	154.5
Prepared food	265.2	51.0	276.7	41.9
Totals	\$3,056.9	\$404.9	\$3,078.6	\$297.7

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

15. Derivative Financial Instruments

We account for derivative financial instruments in accordance with the ASC guidance on “Derivatives and Hedging”. This ASC requires us to recognize the value of derivative instruments as either assets or liabilities in the statement of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated as a hedge and qualifies as part of a hedging relationship. The accounting also depends on the type of hedging relationship, whether a cash flow hedge, a fair value hedge, or hedge of a net investment in a foreign operation. On entry into a derivative instrument, we formally designate and document it as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction.

Derivatives are recorded in our Consolidated Balance Sheets at fair value in prepaid expenses and other current assets, other noncurrent assets, accounts payable and accrued expenses or other noncurrent liabilities, depending on whether the amount is an asset or liability and whether it is short-term or long-term in nature. The fair values of derivatives used to hedge or modify our risks fluctuate over time. These fair value amounts should not be viewed in isolation, but rather in relation to the cash flows or fair value of the underlying hedged transactions or assets and other exposures, as well as the overall reduction in our risk. In addition, the earnings impact resulting from our derivative instruments is recorded in the same line item within the Consolidated Statements of Income as the underlying exposure being hedged.

We predominantly designate our hedges as cash flow hedges. A cash flow hedge requires that the effective portion of the change in the fair value of a derivative instrument be recognized in other comprehensive income, a component of shareholders’ equity, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of the change in fair value of a derivative instrument is to be recognized in earnings in the same line in which the hedge transaction affects earnings.

Counterparties expose us to credit losses in the event of non-performance on hedges. We monitor our exposure to counterparty non-performance risk both at inception of the hedge and at least quarterly thereafter. However, because these contracts are entered into with highly rated financial institutions, we do not anticipate non-performance by any of the counterparties. The exposure is usually the amount of the unrealized gains, if any, in such contracts.

Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the cash flows or fair value of the underlying exposures being hedged. In addition, we perform an assessment of hedge effectiveness, both at inception and at least quarterly thereafter, in order to determine whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the cash flows or fair value of the related underlying exposures. Any ineffective portion of a financial instrument’s change in fair value is immediately recognized in earnings.

Foreign Currency Hedges

We are exposed to fluctuations in currency exchange rates against the U.S. dollar on our results of operations and financial condition and we mitigate that exposure by entering into foreign currency forward contracts. Certain of our subsidiaries periodically enter into foreign currency forward contracts in order to hedge portions of forecasted sales or cost of sales denominated in foreign currencies, which generally expire within one year. Our foreign currency hedges were entered into for the purpose of hedging portions of our 2016 and 2017 foreign currency exposure.

The foreign currency forward contracts qualifying as cash flow hedges were designated as single-purpose cash flow hedges of forecasted cash flows. Based on our formal assessment of hedge effectiveness of our qualifying foreign currency forward contracts, we determined that the impact of hedge ineffectiveness was de minimis for the quarters and nine months ended September 30, 2016 and September 25, 2015.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

15. Derivative Financial Instruments (continued)

Certain of our derivative instruments contain provisions that require the current credit relationship between us and our counterparty to be maintained throughout the term of the derivative instruments. If that credit relationship changes, certain provisions could be triggered, and the counterparty could request immediate collateralization of derivative instruments in net liability position above a certain threshold. As of September 30, 2016, the aggregate fair value of all derivative instruments with a credit-risk-related contingent feature was \$1.8 million. If the credit-risk-related contingent features underlying these agreements were triggered on September 30, 2016, we would not be required to post collateral to our counterparty because the collateralization threshold had not been met.

We had the following outstanding foreign currency forward contracts as of September 30, 2016:

Foreign currency contracts qualifying as cash flow hedges:	Notional amount
Euro	EUR 51.3 million
Japanese yen	JPY 1,127.5 million
Philippine peso	PHP 376.7 million
Korean Won	KRW 18,900.0 million

The following table reflects the fair values of derivative instruments, all of which are designated as Level 2 of the fair value hierarchy, as of September 30, 2016 and January 1, 2016 (U.S. dollars in millions):

Derivatives designated as hedging instruments ⁽¹⁾

	Foreign exchange contracts September 30, January 1, 2016 2016 (2)
Balance Sheet location:	

Asset derivatives:

Prepaid expenses and other current assets	\$2.4	\$ 11.9
Total asset derivatives	\$2.4	\$ 11.9

Liability derivatives:

Accounts payable and accrued expenses	\$1.8	\$ —
Total liability derivatives	\$1.8	\$ —

⁽¹⁾ See Note 16, "Fair Value Measurements", for fair value disclosures.

⁽²⁾ We expect that \$0.6 million of the net fair value of hedges recognized as a gain in accumulated other comprehensive income ("AOCI") will be transferred to earnings during the next 12 months, along with the earnings effect of the related forecasted transactions.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

15. Derivative Financial Instruments (continued)

The following table reflects the effect of derivative instruments on the Consolidated Statements of Income for the quarters and nine months ended September 30, 2016 and September 25, 2015 (U.S. dollars in millions):

Derivatives in effective cash flow hedging relationships	Amount of gain (Loss) recognized in other comprehensive income on derivatives (effective portion)		Location of gain (loss) reclassified from AOCI into income (effective portion)	Amount of gain (loss) reclassified from AOCI into income (effective portion)	
	Quarter ended September 30, 2016	Quarter ended September 25, 2015		Quarter ended September 30, 2016	Quarter ended September 25, 2015
Foreign exchange contracts	\$(1.5)	\$ (7.5)	Net sales	\$(1.0)	\$ 8.3
Foreign exchange contracts	(0.3)	—	Cost of products sold	0.2	0.4
Total	\$(1.8)	\$ (7.5)		\$(0.8)	\$ 8.7
	Nine months ended			Nine months ended	
	September 30, 2016	September 25, 2015		September 30, 2016	September 25, 2015
Foreign exchange contracts	\$(11.5)	\$ (7.7)	Net sales	\$3.6	\$ 28.5
Foreign exchange contracts	0.1	0.2	Cost of products sold	0.2	0.3
Total	\$(11.4)	\$ (7.5)		\$3.8	\$ 28.8

16. Fair Value Measurements

We measure fair value for financial instruments, such as derivatives and equity securities, on an ongoing basis. We measure fair value for non-financial assets when a valuation is necessary, such as for impairment of long-lived and indefinite-lived assets when indicators of impairment exist. Fair value is measured in accordance with the ASC on "Fair Value Measurements and Disclosures". The ASC on "Fair Value Measurements and Disclosures" defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measures required under other accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

16. Fair Value Measurements (continued)

Derivative Instruments

We may choose to mitigate the risk of fluctuations in currency exchange rates on our results of operations and financial condition by entering into foreign currency cash flow hedges. We account for the fair value of the related forward contracts as prepaid expenses and other current assets, other noncurrent assets, accounts payable and accrued expenses or other noncurrent liabilities. We use an income approach to value our outstanding foreign currency and bunker fuel cash flow hedges. An income approach consists of a discounted cash flow model that takes into account the present value of future cash flows under the terms of the contract using current market information as of the measurement date such as foreign currency and bunker fuel spot and forward rates. Additionally, we built an element of default risk based on observable inputs into the fair value calculation. Due to the fact that inputs to fair value these derivative instruments can be observed, they are classified as Level 2.

The following table provides a summary of the fair values of assets and liabilities measured on a recurring basis under the ASC on “Fair Value Measurements and Disclosures” (U.S. dollars in millions):

	Fair value measurements	
	Foreign currency forward contracts, net asset	
	September 30, 2016	January 1, 2016
Quoted prices in active markets for identical assets (Level 1)	\$ —	\$ —
Significant observable inputs (Level 2)	0.6	11.9
Significant unobservable inputs (Level 3)	—	—

In estimating our fair value disclosures for financial instruments, we use the following methods and assumptions:

Cash and cash equivalents: The carrying amount reported in the Consolidated Balance Sheets for these items approximates fair value due to their liquid nature and are classified as Level 1.

Trade accounts receivable and other accounts receivable, net: The carrying value reported in the Consolidated Balance Sheets for these items is net of allowances, which includes a degree of counterparty non-performance risk and are classified as Level 2.

Accounts payable and other current liabilities: The carrying value reported in the Consolidated Balance Sheets for these items approximates their fair value, which is the likely amount for which the liability with short settlement periods would be transferred to a market participant with a similar credit standing as ours and are classified as Level 2.

Capital lease obligations: The carrying value of our capital lease obligations reported in the Consolidated Balance Sheets approximates their fair value based on current interest rates, which contain an element of default risk. The fair value of our capital lease obligations is estimated using Level 2 inputs based on quoted prices for those or similar instruments.

Refer to Note 10, “Long-Term Debt and Capital Lease Obligations”.

Long-term debt: The carrying value of our long-term debt reported in the Consolidated Balance Sheets approximates their fair value since they bear interest at variable rates or fixed rates which contain an element of default risk. The fair value of our long-term debt is estimated using Level 2 inputs based on quoted prices for those or similar instruments.

Refer to Note 10 , “Long-Term Debt and Capital Lease Obligations”.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

16. Fair Value Measurements (continued)

Fair Value of Non-Financial Assets

The following is a tabular presentation of the non-recurring fair value measurements along with the level within the fair value hierarchy in which the fair value measurements in their entirety fall (U.S. dollars in millions):

	Fair value measurements for the nine months ended September 30, 2016			
	Quoted Prices in Active Markets Total for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Underutilized assets in Central America	\$1.0	\$ —	\$ —	1.0
Philippines plantation conversion to pineapple	0.3	—	0.3	
	\$1.3	\$ —	\$ —	1.3

During the second quarter of 2016, we recognized \$0.6 million in asset impairment and other charges related to certain underutilized assets in Central America. The asset impairment consisted of a write-down of \$0.6 million related to the assets with a carrying value of \$1.6 million. We estimated the fair value of these assets of \$1.0 million using the market approach. The fair value of these assets are classified as Level 3 of the fair value hierarchy due to the mix of unobservable inputs utilized.

During the second quarter of 2016, we recognized \$2.5 million in asset impairment and other charges as a result of our decision to convert a banana plantation in the Philippines to a pineapple plantation during the next three years. The asset impairment consisted of a write-down of \$2.5 million related to the plantation with a carrying value of \$2.8 million. The plantation was written down to a fair value of \$0.3 million. We estimated the fair value of this asset using an income based approach, whereby our cash flows were adjusted for a market premium risk. The fair value of the plantation of \$0.3 million is classified as Level 3 of the fair value hierarchy due to the mix of unobservable inputs utilized.

	Fair value measurements for the nine months ended September 25, 2015			
	Quoted Prices in Active Markets Total for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Guatemala banana production assets held for sale	\$1.8	\$ —	\$ —	1.8

\$1.8 \$ —\$ —\$ 1.8

During the quarter and nine months ended September 25, 2015, we recognized a charge of \$1.0 million for Guatemala property, plant and equipment valued at fair value less cost to sell. The carrying value of these assets was \$2.8 million and was written down to \$1.8 million. These assets related predominantly to land, land improvements and banana plantations included in other current assets on our Consolidated Balance Sheets due to the fact that they are expected to be sold within one year. We estimated the fair value of the underlying assets using the market approach. The fair valuation of the assets are classified as Level 3 of the fair value hierarchy due to the mix of unobservable information.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

16. Fair Value Measurements (continued)

The prepared food reporting unit's results were lower than expected for the quarter and nine months ended September 30, 2016. Accordingly, we identified indicators of impairment on the prepared reporting unit's trade names and trademarks. As a result, we estimated that the fair value exceeded the carrying value by approximately 1% and there was no impairment of the trade names and trademarks during the period. The fair value of the prepared food unit's trade names and trademarks is highly sensitive to differences between estimated and actual cash flows and changes in the related discount rate used to evaluate the fair value of these assets. If there is continued decline in the underlying results, it may result in an impairment of the prepared food reporting unit's trade names and trademarks. We also disclosed the sensitivity related to the prepared food unit's trade names and trademarks in our annual financial statements included in our Annual Report on Form 10-K for the year ended January 1, 2016.

17. Accumulated Other Comprehensive (Loss) Income

The following table includes the changes in accumulated other comprehensive (loss) income attributable to U.S. by component under the ASC on "Comprehensive Income" (U.S. dollars in millions):

	Changes in accumulated other comprehensive (loss) income by component ⁽¹⁾			
	Nine months ended September 30, 2016			
	Changes in fair value of effective cash flow hedges	Foreign currency translation adjustment	Retirement benefit adjustment	Total
Balance at January 1, 2016	\$11.9	\$ (14.8)	\$ (20.1)	\$ (23.0)
Other comprehensive (loss) income before reclassifications	(7.5)	1.5	(2) ⁽²⁾ (0.6)	(6.6)
Amounts reclassified from accumulated other comprehensive (loss) income	(3.8)	—	0.9	(2.9)
Net current period other comprehensive (loss) income	(11.4)	1.7	0.3	(9.4)
Balance at September 30, 2016	\$0.6	\$ (13.3)	\$ (19.8)	\$ (32.5)
	Nine months ended September 25, 2015			
Balance at December 26, 2014	\$25.2	\$ (0.8)	\$ (21.8)	\$2.6
Other comprehensive income (loss) before reclassifications	21.3	(10.6)	(2) ⁽²⁾ (0.2)	(3) ⁽³⁾ 10.5
Amounts reclassified from accumulated other comprehensive (loss) income	(28.8)	—	1.2	(27.6)
Net current period other comprehensive (loss) income	(7.5)	(10.6)	1.0	(17.1)

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Balance at September 25, 2015 \$17.7 \$ (11.4) \$ (20.8) \$(14.5)

(1) All amounts are net of tax and noncontrolling interest.

(2) Includes a gain of \$6.8 million for the nine months ended September 30, 2016 and a loss of \$3.5 million for the nine months ended September 25, 2015 on intra-entity foreign currency transactions that are of a long-term-investment nature; also includes a gain of \$0.3 million for the nine months ended September 30, 2016 and a loss of \$1.1 million the nine months ended September 25, 2015 related to noncontrolling interest.

(3) Includes a loss of \$0.1 million of noncontrolling interest related to retirement benefits adjustment for the nine months ended September 25, 2015.

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

17. Accumulated Other Comprehensive (Loss) Income (continued)

The following table includes details about amounts reclassified from accumulated other comprehensive (loss) income by component

(U.S. dollars in millions):

Details about accumulated other comprehensive (loss) income components	September 30, 2016		September 25, 2015		Affected line item in the statement where net income is present
	Quarter ended	Nine months ended	Quarter ended	Nine months ended	
Changes in fair value of effective cash flow hedges:					
Foreign currency cash flow hedges	\$1.0	\$ (3.6)	\$(8.3)	\$(28.5)	Sales
Foreign currency cash flow hedges	(0.2)	(0.2)	(0.4)	(0.3)	Cost of sales
Total	\$0.8	\$ (3.8)	\$(8.7)	\$(28.8)	
Amortization of retirement benefits:					
Actuarial losses	\$0.1	\$ 0.3	\$0.1	\$0.9	Selling, general and administrative expenses
Actuarial losses	0.2	0.6	0.3	0.3	Cost of sales
Total	\$0.3	\$ 0.9	\$0.4	\$1.2	

18. Shareholders' Equity

Our shareholders have authorized 50,000,000 preferred shares at \$0.01 par value, of which none are issued or outstanding, and 200,000,000 ordinary shares of common stock at \$0.01 par value, of which 51,804,173 are issued and outstanding at September 30, 2016.

Ordinary share activity is summarized as follows:

Ordinary shares issued (retired) as a result of:	Nine months ended	
	September 30, 2016	September 25, 2015
Stock option exercises	417,153	1,207,919
Restricted stock grants	22,946	21,875
Restricted and performance stock units	493,644	238,974
Ordinary shares repurchased and retired	(1,672,535)	(2,777,840)

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FRESH DEL MONTE PRODUCE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued) (Unaudited)

18. Shareholders' Equity (continued)

On July 29, 2015, our Board of Directors approved a three-year stock repurchase program of up to \$300 million of our ordinary shares, in addition to the three-year stock repurchase program to repurchase up to \$300 million of our ordinary shares approved on May 1, 2013. We have repurchased \$358.7 million of ordinary shares, or 10,742,746 ordinary shares, under the aforementioned repurchase programs and retired all the repurchased shares. The stock repurchase program approved on May 1, 2013 has been fully utilized as of September 30, 2016. We have a maximum dollar amount value of \$241.3 million of shares that we can purchase under the stock repurchase program approved on July 29, 2015.

Subsequent to the quarter ended September 30, 2016 no ordinary shares were repurchased.

Dividend activity is summarized as follows:

Nine months ended

September 30, 2016		September 25, 2015	
Dividend Date	Cash Dividend Declared, per Ordinary Share	Dividend Date	Cash Dividend Declared, per Ordinary Share
September 9, 2016	0.150	September 4, 2015	0.125
June 3, 2016	\$ 0.125	May 29, 2015	\$ 0.125
April 1, 2016	\$ 0.125	March 27, 2015	\$ 0.125

We paid dividends of \$20.5 million in the nine months ended September 30, 2016 and \$19.7 million in the nine months ended September 25, 2015.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are one of the world's leading vertically integrated producers, marketers and distributors of high-quality fresh and fresh-cut fruit and vegetables, as well as a leading producer and marketer of prepared fruit and vegetables, juices, beverages and snacks in Europe, Africa, the Middle East and countries formerly part of the Soviet Union. We market our products worldwide under the DEL MONTE® brand, a symbol of product innovation, quality, freshness and reliability since 1892. Our global sourcing and logistics system allows us to provide regular delivery of consistently high-quality produce and value-added services to our customers. Our major producing operations are located in North, Central and South America, Asia and Africa. Production operations are aggregated on the basis of our products: bananas, other fresh produce and prepared food. Other fresh produce includes pineapples, melons, tomatoes, avocados, non-tropical fruit (including grapes, apples, pears, peaches, plums, nectarines, citrus, kiwis and blueberries), fresh-cut produce, other fruit and vegetables, a plastic products business and a third-party ocean freight service. Prepared food includes prepared fruit and vegetables, juices, beverages, snacks, poultry and meat products.

Liquidity and Capital Resources

Net cash provided by operating activities was \$333.6 million for the first nine months of 2016 compared with net cash provided by operating activities of \$238.2 million for the first nine months of 2015, an increase of \$95.4 million. The increase in net cash provided by operating activities was principally attributable to higher net income combined with changes in operating assets and liabilities.

Working capital was \$557.9 million at September 30, 2016 compared with \$604.0 million at January 1, 2016 a decrease of \$46.1 million. This decrease in working capital is principally due to lower levels of fresh produce inventory, lower prepaid expenses and other current assets and higher taxes payable. Partially offsetting these decreases were lower accounts payable and accrued expenses, primarily as a result of lower cost of sales.

Net cash used in investing activities for the first nine months of 2016 was \$94.5 million compared with \$83.9 million for the first nine months of 2015. Net cash used in investing activities for the first nine months of 2016 consisted of capital expenditures of \$98.4 million and purchase of a business for \$7.1 million, partially offset by proceeds from sales of property, plant and equipment of \$11.0 million. Capital expenditures for the first nine months of 2016 consisted primarily of expansion of our distribution and fresh-cut fruit facilities in North America, Asia and Europe related to the other fresh produce and banana segments; expansion and improvements to our banana operations in the Philippines and Central America; expansion and improvements to our manufacturing facilities in the Middle East and Kenya related to the prepared food and other fresh produce segments; and expansion and improvements to production facilities in Costa Rica and Chile in the other fresh produce segment. Purchase of a business consisted of the purchase of a blueberry farm in Chile. Proceeds from sale of property, plant and equipment for the first nine months of 2016 consisted primarily of the sale of surplus land in Central and South America and the sale of a refrigerated vessel and other surplus equipment.

Net cash used in investing activities for the first nine months of 2015 consisted of capital expenditures of \$90.0 million, partially offset by proceeds from sales of property, plant and equipment of \$6.1 million. Capital expenditures for the first nine months of 2015 included expansion of banana operations in the Philippines and Central America; expansion and improvements to our production facilities principally in Kenya, Greece, Costa Rica, Jordan and Saudi Arabia related to the prepared food segment; improvements and expansion of production facilities in Japan, Chile, Costa Rica and North America related to the other fresh produce segment and for worldwide information technology projects related to all of our business segments. Proceeds from sale of property, plant and equipment for the first nine months of 2015 consisted primarily of the sale of two refrigerated vessels and other surplus equipment.

Net cash used in financing activities for the first nine months of 2016 was \$240.2 million compared with net cash used in financing activities of \$156.0 million for the first nine months of 2015. Net cash used in financing activities for the first nine months of 2016 consisted of net repayments on long-term debt of \$118.8 million, purchase of noncontrolling interest of \$45.0 million, distributions to noncontrolling interest, net, of \$0.5 million, dividends paid of \$20.5 million, and repurchase and retirement of ordinary shares of \$68.7 million, partially offset by proceeds from stock options exercised of \$10.7 million and excess tax benefits from stock-based compensation of \$2.6 million. Purchase of noncontrolling interest of \$45.0 million relates to our purchase on April 28, 2016, of the the remaining 60% interest in one of our pineapple producers, which was paid using operating cash flows and available borrowings under the Credit Facility.

Net cash used in financing activities for the first nine months of 2015 consisted of net repayments on long-term debt of \$55.4 million, distributions to non-controlling interest, net of \$1.8 million, dividends paid of \$19.7 million and repurchase and retirement

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of ordinary shares of \$112.8 million and partially offset by proceeds from stock options exercised of \$32.6 million and excess tax benefit from stock-based compensation of \$1.1 million.

On April 16, 2015, we entered into a new five year, \$800 million syndicated senior unsecured revolving credit facility maturing on April 15, 2020 (the "Credit Facility") with Bank of America, N.A. as administrative agent and Merrill Lynch, Pierce, Fenner & Smith Inc. as sole lead arranger and sole book manager. Borrowings under the Credit Facility bear interest at a spread over the London Interbank Offer Rate ("LIBOR") that varies with our leverage ratio. The margin for LIBOR advances under the Credit Facility currently is 1.00%. The Credit Facility also includes a swing line facility and a letter of credit facility. We intend to use the Credit Facility from time to time for general corporate purposes, which may include the repayment or refinancing of our existing indebtedness, working capital needs, capital expenditures, funding of possible acquisitions, possible share repurchases and satisfaction of other obligations.

We have a renewable 364-day, \$25.0 million commercial and stand-by letter of credit facility with Rabobank Nederland.

At September 30, 2016, we had \$136.4 million outstanding under the Credit Facility bearing interest at a per annum rate of 1.55%. In addition, we pay a fee on unused commitments under the Credit Facility.

The Credit Facility is unsecured as long as we maintain a certain leverage ratio and also requires us to comply with certain financial and other covenants, including limitations on capital expenditures, the amount of dividends that can be paid in the future, the amount and types of liens and indebtedness, material asset sales and mergers. As of September 30, 2016, we were in compliance with all of the financial and other covenants contained in the Credit Facility.

At September 30, 2016, we had \$686.3 million available under committed working capital facilities, primarily under the Credit Facility. At September 30, 2016, we applied \$11.5 million to the Rabobank letter of credit facility, in respect of certain contingent obligations and other governmental agencies and purchases of equipment and raw material guarantees and other trade related letters of credit. We also had \$15.6 million in other letters of credit and bank guarantees not included in the Rabobank or Bank of America letter of credit facilities.

As of September 30, 2016, we had \$137.6 million of long-term debt and capital lease obligations, including the current portion, consisting of \$136.4 million outstanding under the Credit Facility and \$1.2 million of capital lease obligations.

Based on our operating plan, combined with our available borrowing capacity under our Credit Facility, we believe we will have sufficient resources to meet our cash obligations in the foreseeable future.

As of September 30, 2016, we had cash and cash equivalents of \$23.2 million.

Primarily as a result of the closure of distribution centers and restructuring in Europe in previous periods, we paid approximately \$0.4 million in contractual obligations during the first nine months of 2016. We expect to make additional payments of approximately \$1.5 million principally related to the closure of certain facilities in the United Kingdom.

The fair value of our foreign currency cash flow hedges changed from a net gain of \$11.9 million as of January 1, 2016, to a net gain of \$0.6 million as of September 30, 2016. We expect that a gain of \$0.6 million will be transferred to earnings during the next 12 months, along with the earnings effect of the related forecasted transactions.

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Results of Operations

The following tables present for each of the periods indicated (i) net sales by geographic region and (ii) net sales and gross profit by product category, and in each case, the percentage of the total represented thereby (U.S. dollars in millions, except percent data):

Net sales by geographic region:

	Quarter ended		Nine months ended					
	September 30, 2016	September 25, 2015	September 30, 2016	September 25, 2015	September 30, 2016	September 25, 2015		
North America	\$528.0	55 %	\$528.2	56 %	\$1,694.1	55 %	\$1,707.5	55 %
Europe	156.0	16 %	156.6	17 %	519.7	17 %	547.2	18 %
Middle East	139.0	15 %	140.8	15 %	424.1	14 %	424.0	14 %
Asia	112.6	12 %	96.5	10 %	367.7	12 %	340.5	11 %
Other	14.6	2 %	14.0	2 %	51.3	2 %	59.4	2 %
Total	\$950.2	100 %	\$936.1	100 %	\$3,056.9	100 %	\$3,078.6	100 %

Product net sales and gross profit:

	Quarter ended							
	September 30, 2016		September 25, 2015					
	Net Sales	Gross Profit	Net Sales	Gross Profit				
Banana	\$424.4	45 %	\$39.6	33 %	\$425.2	45 %	\$20.6	25 %
Other fresh produce	433.6	46 %	62.0	52 %	420.3	45 %	48.9	59 %
Prepared food	92.2	9 %	17.2	15 %	90.6	10 %	13.8	16 %
Totals	\$950.2	100 %	\$118.8	100 %	\$936.1	100 %	\$83.3	100 %

	Nine months ended							
	September 30, 2016		September 25, 2015					
	Net Sales	Gross Profit	Net Sales	Gross Profit				
Banana	\$1,380.4	45 %	\$154.9	38 %	\$1,393.3	45 %	\$101.3	34 %
Other fresh produce	1,411.3	46 %	199.0	49 %	1,408.6	46 %	154.5	52 %
Prepared food	265.2	9 %	51.0	13 %	276.7	9 %	41.9	14 %
Totals	\$3,056.9	100 %	\$404.9	100 %	\$3,078.6	100 %	\$297.7	100 %

Third Quarter 2016 Compared with Third Quarter of 2015

Net Sales. Net sales for the third quarter of 2016 were \$950.2 million compared with \$936.1 million for the third quarter of 2015. The increase in net sales of \$14.1 million was principally attributable to higher net sales in our other fresh produce and prepared food business segments, partially offset by a slight reduction in net sales in our banana segment.

Net sales in the other fresh produce segment increased \$13.3 million, principally as a result of higher net sales of avocados, fresh-cut products and pineapples, partially offset by lower net sales of non-tropical fruit, tomatoes and melons.

Net sales of avocados increased principally due to higher per unit sales prices in North America primarily as a result of lower industry supplies and high customer demand.

Net sales of fresh-cut products increased due to higher worldwide sales volumes primarily as a result of increased customer demand in all regions combined with higher per unit sales prices in Asia and North America.

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Net sales of pineapples increased due to higher sales volumes in North America and higher per unit sales prices in Europe and the Middle East, partially offset by lower sales volumes in Asia, the Middle East and Europe. Contributing to the lower sales volumes in Asia and the Middle East were unfavorable weather conditions in our Philippines production area. Worldwide pineapple sales volume decreased 3%.

Net sales of non tropical fruit decreased principally due to lower net sales of grapes in North America and the Middle East as a result of lower supplies from Chile.

Net sales of tomatoes decreased due to a planned reduction of planted acreage in our Virginia operation during the summer growing season.

Net sales of melons decreased due to lower production volumes in our Arizona production operation combined with lower per unit sales prices as a result of increased competition.

Net sales in the prepared food segment increased \$1.6 million principally due to higher pricing of industrial pineapple products combined with higher sales volume of canned deciduous fruit. Partially offsetting these increases were lower net sales in our poultry business in Jordan as a result of increased competition.

Net sales of bananas decreased by \$0.8 million principally due to lower net sales in Europe and North America, partially offset by higher net sales in the Middle East and Asia. Worldwide banana sales volume decreased 2%. North America banana net sales decreased primarily as a result of lower sales volumes principally due to lower industry volumes and increased competition.

Europe banana net sales decreased due to lower per unit sales prices and lower sales volume principally as a result of increased competition and unfavorable GBP and Euro exchange rates.

Asia banana net sales increased due to higher per unit sales prices as a result of lower industry supplies combined with higher sales volumes primarily as a result of increased shipments from Central America.

Middle East banana net sales increased due to higher sales volume resulting from an expanded customer base, partially offset by lower per unit sales prices.

Cost of Products Sold. Cost of products sold was \$831.4 million for the third quarter of 2016 compared with \$852.8 million for the third quarter of 2015, a decrease of \$21.4 million. This decrease was primarily attributable to lower transportation cost combined with lower banana fruit cost and lower production cost in the prepared food segment. Also, contributing to the decrease in cost of product sold was a 2% reduction in total sales volumes.

Gross Profit. Gross profit was \$118.8 million for the third quarter of 2016 compared with \$83.3 million for the third quarter of 2015, an increase of \$35.5 million. This increase was attributable to higher gross profit in all of our business segments.

Gross profit in the banana segment increased \$19.0 million primarily due to lower per unit costs and higher per unit selling prices in Asia. Partially offsetting these increases in banana gross profit were lower per unit sales prices in the Middle East and Europe. Lower per unit costs was principally due to lower fruit cost and lower transportation cost. Worldwide banana per unit sales prices increased 2%, and per unit costs decreased 3%.

Gross profit in the other fresh produce segment increased \$13.1 million principally due to higher gross profit on pineapples and fresh-cut products.

Gross profit on pineapples increased principally due to higher selling prices in Europe, Asia and the Middle East combined with lower transportation cost. Worldwide pineapple per unit sales prices increased 6% and per unit costs decreased 3%.

Gross profit on fresh-cut products increased principally as a result of higher sales volumes in all regions combined with lower transportation cost and lower fruit cost.

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Gross profit in the prepared food segment increased by \$3.4 million principally as a result of higher sales prices on industrial pineapple products and canned pineapple primarily due to favorable market conditions. Also, contributing to the increase in gross profit were lower per unit cost on canned pineapples. Partially offsetting these increases were lower gross profit in our Jordanian poultry business primarily as a result of lower selling prices due to increased competition.

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Selling, General and Administrative Expenses. Selling, general and administrative expenses increased \$1.3 million from \$47.7 million in the third quarter of 2015 to \$49.0 million for the third quarter of 2016. The increase was principally due to higher executive compensation as a result of increased earnings and higher stock price combined with higher professional fees.

Loss (Gain) on Disposal of Property, Plant and Equipment, Net. The loss on disposal of property, plant and equipment, net, of \$0.7 million during the third quarter of 2016 was principally related to the sale of a refrigerated vessel and other surplus equipment. The gain on disposal of property, plant and equipment of \$(0.3) million during the third quarter of 2015 was due to the sale of other surplus equipment.

Asset Impairment and Other Charges, Net. Asset impairment and other charges, net, was \$25.0 million during the third quarter of 2016 as compared with \$1.5 million during the third quarter of 2015.

Asset impairment and other charges, net, for the third quarter of 2016 were:

\$18.7 million in compensatory expense related to the President/COO's transition comprised of:

Cash payments, primarily to be paid during the fourth quarter, of \$5.0 million in severance plus \$4.0 million in tax gross up and \$0.8 million in accelerated fourth quarter bonus,

\$3.0 million related to a 50,000 share grant; and

\$5.9 million of share based payments accelerated due to termination;

\$2.6 million in goodwill impairment representing 100% of the goodwill associated with the poultry business in Jordan in the prepared food segment. This impairment was principally due to underperformance;

\$2.4 million in asset impairments and other charges related to drought conditions in Brazil and our decision to abandon certain banana growing areas;

\$0.6 million in asset impairment related to underutilized assets in Central America in the banana segment; and

\$0.7 million in contract termination charges related to an underutilized facility in the United Kingdom principally related to the banana segment.

Asset impairment and other charges, net, for the third quarter of 2015 were:

\$1.0 million related to an impairment of assets held for sale in Guatemala in the banana segment; and

\$0.5 million of additional other charges for clean-up costs related to damages incurred during the second quarter of 2015 as the result of floods in Chile affecting non-tropical fruit operations.

Operating Income. Operating income for the third quarter of 2016 increased by \$9.7 million from \$34.4 million in the third quarter of 2015 to \$44.1 million for the third quarter of 2016. This increase was due to higher gross profit, partially offset by higher selling, general and administrative expenses, a loss on disposal of property, plant and equipment and higher asset impairments and other charges, net.

Interest Expense. Interest expense was \$0.5 million for the third quarter of 2016 as compared with \$0.7 million for the third quarter of 2015. The decrease was primarily due to lower average loan balances.

Other Expense (Income), Net. Other expense (income), net, was an expense of \$2.0 million for the third quarter of 2016 as compared with an income of \$(1.3) million for the third quarter of 2015. The change in other income (expense), net, of \$3.3 million was principally attributable to foreign exchange losses during the third quarter of 2016 as compared with foreign exchange gains during the third quarter of 2015.

Provision for Income Taxes. Provision for income taxes was \$5.6 million for the third quarter of 2016 compared to \$5.4 million for the third quarter of 2015. The increase in the provision for income taxes of \$0.2 million is primarily due to higher earnings.

First Nine Months of 2016 Compared with First Nine Months of 2015

Net Sales. Net sales for the first nine months of 2016 were \$3,056.9 million compared with \$3,078.6 million for the first nine months of 2015. The decrease in net sales of \$21.7 million is due to lower net sales in our banana and prepared food segments, partially offset by higher net sales in our other fresh produce segment.

Net sales of bananas decreased by \$12.9 million principally due to lower sales net sales in Europe and North America, partially offset by higher net sales in Asia and the Middle East. Worldwide banana sales volume decreased by 2%.

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Europe net sales decreased due to lower sales volume principally as a result of the loss of customers in Northern Europe and due to competition combined with lower industry volumes. Also, contributing to the decrease in net sales were lower per unit sales prices primarily a result of a unfavorable GBP and Euro exchange rates.

North America banana net sales decreased principally as a result of lower sales volumes principally due to lower industry volumes and increased competition.

Asia banana net sales increased as a result of higher sales volume and per unit sales prices principally due to increased customer demand and expanded shipments from our Central America operations.

Middle East banana net sales increased principally due to higher sales volume resulting from an expanded customer base, partially offset by lower per unit sales prices.

Net sales in the prepared food segment decreased \$11.5 million principally due to lower per unit sales prices in our poultry business in Jordan as a result of increased competition. Also, contributing to the decrease in net sales in our prepared food segment were lower sales volume of canned pineapple principally as a result of decreased production in our Kenya operations and lower sales volumes of beverage products principally due to lower customer demand. Partially offsetting these decreases in net sales were higher pricing of industrial products, higher sales volume of canned deciduous fruit and new prepared food products in the Middle East market.

Net sales in the other fresh produce segment increased \$2.7 million principally as a result of higher net sales of fresh-cut products, avocados and plantains, partially offset by lower net sales of non-tropical fruit, pineapples and tomatoes.

Net sales of fresh-cut products increased due to higher worldwide sales volumes primarily as a result of increased customer demand in all regions combined with higher per unit sales prices in Asia and North America.

Net sales of avocados increased due to higher sales volume in North America primarily due to higher customer demand and increased shipments from Mexico.

Net sales of plantains increased due to higher customer demand in North America.

Net sales of non-tropical fruit decreased primarily due to lower sales volumes of grapes in Asia and North America principally as a result of lower supplies from Chile. Also, contributing to the decrease in net sales were lower sales volumes of stonefruit in all markets and lower sales volume of apples in the Middle East.

Net sales of pineapples decreased due to lower sales volumes primarily as a result of unfavorable weather conditions in our Costa Rica and Philippines production areas. Partially offsetting the lower sales volumes were higher per unit sales prices in all of our regions. Worldwide pineapple sales volume decreased 9%.

Net sales of tomatoes decreased due to a planned reduction of planted acreage in our Florida and Virginia operations, partially offset by higher per unit selling prices. Higher per unit selling prices was primarily the result of a higher percentage of our tomato net sales comprised of re-pack tomatoes which command higher selling prices.

Cost of Products Sold. Cost of products sold was \$2,652.0 million for the first nine months of 2016 compared with \$2,780.9 million for the first nine months of 2015, a decrease of \$128.9 million. This decrease was primarily attributable to lower transportation costs, lower banana fruit cost and lower production cost in the prepared food segment. Also, contributing to the decrease in cost of product sold was a 3% reduction in total sales volumes.

Gross Profit. Gross profit was \$404.9 million for the first nine months of 2016 compared with \$297.7 million for the first nine months of 2015, an increase of \$107.2 million. This increase was attributable to higher gross profit in all of our business segments.

Gross profit in the banana segment increased by \$53.6 million principally due to lower fruit cost combined with lower transportation cost. Worldwide banana per unit sales prices increased 1% and per unit cost decreased 3%.

Gross profit in the other fresh produce segment increased \$44.5 million principally due to higher gross profit on fresh-cut products, non-tropical fruit, tomatoes and pineapples, partially offset by lower gross profit on melons.

Gross profit fresh-cut products increased principally due to higher sales prices and sales volumes in North America and Asia combined with higher sales volume in Europe. Also, contributing to the increase in gross profit on fresh-cut products were lower per unit costs in Europe, principally as a result of improved efficiency. Partially offsetting these increase in gross profit were lower per unit selling prices in Europe and the Middle East.

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Gross profit on tomatoes improved principally due to higher per unit selling prices for the re-pack tomato business combined with the absence of quality problems that we incurred in our Florida growing operations during 2015.

Gross profit on non-tropical fruit increased due to higher selling prices of grapes in North America primarily as a result of low industry volumes.

Gross profit on melons decreased due to lower per unit selling prices in North America primarily as a result of higher industry volumes and increased competition.

Gross profit in the prepared food segment increased by \$9.1 million principally due to higher gross profit on pineapple products as a result of higher sales prices on industrial pineapple products and canned pineapple primarily due to favorable market conditions combined with lower costs. Partially offsetting these increases were lower gross profit in our Jordanian poultry business primarily as a result of lower selling prices due to increased competition.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased \$7.1 million from \$133.5 million for the first nine months of 2015 to \$140.6 million for the first nine months of 2016. The increase was principally due to higher executive compensation as a result of increased earnings and higher stock price combined with higher professional fees and increased information technology costs.

Loss (Gain) on Disposal of Property, Plant and Equipment, Net. The loss (gain) on disposal of property, plant and equipment, net, was \$(5.1) million during the first nine months of 2016 and consisted primarily of gains on the sale of surplus land in Central and South America, partially offset by the disposal of low-yielding banana plants in Costa Rica and Guatemala in order to replant and improve productivity and a loss on the sale of a refrigerated vessel. During the first nine months of 2015, the gain on disposal of property, plant and equipment of \$(2.5) million consisted primarily of the sales of two refrigerated vessels.

Asset Impairment and Other Charges, Net. Asset impairment and other charges, net, was \$28.1 million during the first nine months of 2016 as compared with \$2.4 million during the first nine months of 2015.

Asset impairments and other charges (credits), net, for the first nine months of 2016 were:

\$18.7 million in compensatory expense related to the President/COO's transition comprised of:

Cash payments, primarily to be paid during the fourth quarter, of \$5.0 million in severance plus \$4.0 million in tax gross up and \$0.8 million in accelerated fourth quarter bonus,

\$3.0 million related to a 50,000 share grant; and

\$5.9 million of share based payments accelerated due to termination;

\$2.6 million in goodwill impairment representing 100% of the goodwill associated with the poultry business in Jordan in the prepared food segment. This impairment was principally due to underperformance;

\$2.5 million in asset impairment due to our decision to convert a banana plantation in the Philippines to a pineapple plantation during the next three years;

\$2.4 million in asset impairments and other charges related to drought conditions in Brazil and our decision to abandon certain banana growing areas;

\$0.7 million in contract termination charges related to an underutilized facility in the United Kingdom principally related to the banana segment; and

\$1.2 million in impairment charges related to underutilized assets in Central America in the banana segment.

Asset impairments and other charges (credits), net, for the first nine months of 2015 were:

A credit of \$(0.8) million as a result of the settlement of litigation regarding the infringement of European Union competition rules by a former indirect subsidiary not controlled by us in the banana segment;

\$2.0 million related to damages incurred as the result of floods in Chile affecting non-tropical fruit operations;

\$1.0 million in asset impairment in Guatemala related to assets held for sale in the banana segment; and

\$0.2 million related to underutilized equipment in Kenya in the other fresh produce segment.

Operating Income. Operating income increased by \$77.0 million from \$164.3 million in the first nine months of 2015 to \$241.3 million for the first nine months of 2016. The increase in operating income was due to higher gross profit and higher gain on disposal of property, plant and equipment, partially offset by higher selling, general and administrative expenses and higher asset impairment and other charges, net.

Interest Expense. Interest expense decreased by \$0.6 million from \$3.3 million for the first nine months of 2015 to \$2.7 million for the first nine months of 2016 principally due to lower average debt balances.

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Other Expense (Income), Net. Other expense (income), net, was income of \$(1.3) million for the first nine months of 2016 as compared with expense of \$4.7 million for the first nine months of 2015. The change in other expense (income), net, of \$6.0 million is principally attributable to foreign exchange income during the first nine months of 2016 as compared with foreign exchange losses during the first nine months of 2015.

Provision for Income Taxes. Provision for income taxes was \$25.4 million for the first nine months of 2016 as compared with \$16.8 million for the first nine months of 2015. The increase in the provision for income taxes of \$8.6 million is primarily due to higher earnings.

Fair Value Measurements

Potential impairment exists if the fair value of a reporting unit to which goodwill has been allocated is less than the carrying value of the reporting unit. The amount of the impairment to recognize, if any, is calculated as the amount by which the carrying value of goodwill exceeds its implied value. Future changes in the estimates used to conduct the impairment review, including revenue projection, market values and changes in the discount rate used, could cause the analysis to indicate that our goodwill or trademarks are impaired in subsequent periods and result in a write-off of a portion or all of goodwill or trade names and trademarks. The discount rate used is based on independently calculated risks, our capital mix and an estimated market risk premium.

The prepared food reporting unit's results were lower than expected for the quarter and nine months ended September 30, 2016. Accordingly, we identified indicators of impairment on the prepared reporting unit's trade names and trademarks. As a result, we estimated that the fair value exceeded the carrying value by approximately 1% and there was no impairment of the trade names and trademarks during the period. The fair value of the prepared food reporting unit's trademarks is highly sensitive to differences between estimated and actual cash flows and changes in the related discount rate used to evaluate the fair value of these assets. If we are unable to recover from challenging economic conditions in Europe and we fail to meet our current expectations, the prepared food reporting unit's trade names and trademarks may be at risk for future impairment. We also disclosed the sensitivities related to the prepared food reporting unit's trade names and trademarks in our annual financial statements included in our Annual Report on Form 10-K for the year ended January 1, 2016.

Seasonality

Interim results are subject to significant variations and may not be indicative of the results of operations that may be expected for the entire 2016 fiscal year. See the information under the caption "Seasonality" provided in Item 1. Business, of our Annual Report on Form 10-K for the year ended January 1, 2016.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in market risk from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk of our Annual Report on Form 10-K for the year ended January 1, 2016.

Item 4. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2016. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date to ensure that information required to be disclosed in the reports the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and

Exchange Commission rules and forms. Such officers also confirm that there was no change in our internal control over financial reporting during the quarter ended September 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 11, “Commitments and Contingencies”, to the Consolidated Financial Statements, Part I, Item 1 included herein.

Item 1A. Risk Factors

“Item 1A. Risk Factors” of our Form 10-K for the year ended January 1, 2016 and Part II, Item 1A of our Form 10-Q for the quarter ended July 1, 2016 include discussions of our risk factors. There have been no material changes from the risk factors described in our Form 10-K and that form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information regarding our purchases of ordinary shares during the periods indicated:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program (1)
July 2, 2016 through July 29, 2016	—	\$	—	\$241,294,101
July 30, 2016 through August 26, 2016	—	\$	—	\$241,294,101
August 27, 2016 through September 30, 2016	—	\$	—	\$241,294,101
Total	—	\$	—	\$241,294,101

(1) On July 29, 2015, our Board of Directors approved a three-year stock repurchase program of up to \$300 million of our ordinary shares.

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Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits

10.1* Separation and Release Agreement dated as of September 26, 2016, between Fresh Del Monte Produce Inc. and Hani El-Naffy (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 30, 2016).

10.2* Consulting Agreement dated as of September 26, 2016, between Fresh Del Monte Produce Inc. and Hani El-Naffy (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 30, 2016).

31.1** Certification of Chief Executive Officer filed pursuant to 17 CFR 240.13a-14(a).

31.2** Certification of Chief Financial Officer filed pursuant to 17 CFR 240.13a-14(a).

32** Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to 17 CFR 240.13a-14(b) and 18 U.S.C. Section 1350.

101.INS*** XBRL Instance Document.

101.SCH*** XBRL Taxonomy Extension Schema Document.

101.CAL*** XBRL Taxonomy Extension Calculation Linkbase Document.

101.DEF*** XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB*** XBRL Taxonomy Extension Label Linkbase Document.

101.PRE*** XBRL Taxonomy Extension Presentation Linkbase Document.

*Management contract or compensatory plan or arrangement.

**Filed herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of September 30, 2016 and January 1, 2016, (ii) Consolidated Statements of Income for the quarters and nine months ended September 30, 2016 and September 25, 2015, (iii) Consolidated Statements of Comprehensive Income for the quarters and nine months ended September 30, 2016 and September 25, 2015, (iv) Consolidated Statement of Cash Flows for the nine months ended September 30, 2016 and September 25, 2015 and (iv) Notes to Consolidated Financial Statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Fresh Del Monte Produce Inc.

Date: November 1, 2016 By: /s/ Hani El-Naffy
Hani El-Naffy
President & Chief Operating Officer

By: /s/ Richard Contreras
Richard Contreras
Senior Vice President & Chief Financial Officer