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Dole plc Third Quarter 2026 Results

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CORPORATE SPEAKERS:

James O'Regan
Dole; Head of Investor Relations
Rory Byrne
Dole; Chief Executive Officer
Jacinta Devine
Dole; Chief Financial Officer

PARTICIPANTS:

Pooran Sharma
Stephens; Managing Director
Balzhan Tleuzhanova
Freedom Broker; analyst
Gary Martin
Davy; Food and Beverage analyst
Christopher Barnes
Deutsche Bank; Equity Research Analyst

PRESENTATION:

Operator^ Welcome to Dole plc's Third Quarter 2026 Results Webcast. Today's webcast is being broadcast live over the Internet and is also being recorded for playback purposes. (Operator Instructions) For opening remarks and introductions, I would like to turn the call over to the Head of Investor Relations with Dole plc, James O'Regan.

James O'Regan^ Thank you, Derek. Welcome everybody. And thank you for joining our results webcast. Joining me today are our Chief Executive Officer, Rory Byrne; our Chief Operating Officer, Johan Lindén; and our Chief Financial Officer, Jacinta Devine.

During this webcast we will be referring to presentation slides to supplement our remarks. And these, along with our earnings release and other related materials are available on the Investor Relations section of the Dole plc website. Please note, our remarks today will include certain forward-looking statements within the provisions of the federal securities safe harbor law.

These reflect circumstances at the time they are made. And the company expressly disclaims any obligation to update or revise any forward-looking statements. Actual results or outcomes may differ materially from those that may be expressed or implied due to a wide range of factors including those set forth in our SEC filings and press releases.

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Information regarding the use of non-GAAP financial measures may be found in our press release which also includes a reconciliation to the most comparable GAAP measures. With that, I'm pleased to hand over to Rory.

Rory Byrne^ Thank you, James. And welcome, everybody, to our latest earnings call as we discuss our results for the third quarter. So turning firstly to Slide 4. Our third quarter performance demonstrated the resilience of the group in what remains a challenging operating environment with adjusted EBITDA of approximately $84 million which is 4% ahead of the prior year.

Fresh Fruit delivered an improved result compared to the third quarter of 2025 despite continuing cost pressures. Diversified Americas and the Rest of the World delivered another strong performance, while Diversified EMEA was modestly behind what was a particularly strong prior year comparative.

Stepping back and looking back over the last 18 months, we have taken some critically important strategic steps. The sale of our Fresh Vegetables division, the transfers of the Wahiawā Dam to the State of Hawaii and more recently and importantly, the sale of the Ecuador port.

Together with strong free cash flow generation during the quarter, these actions have considerably strengthened our balance sheet with net leverage reducing to 1.3x at the end of September. Dole today is a more focused and resilient business with greater financial flexibility. This leaves us better positioned to progress our strategic and capital allocation priorities and to successfully navigate economic, weather-related, and other external challenges.

In that context, at the beginning of July, we completed the acquisition of Greenfood's Fresh Produce business in Scandinavia. Integration is progressing well and we are moving forward with our plans for the long-term development of the Helsingborg facility acquired with the business.

Over the coming years, we plan to invest in advanced warehouse automation and robotics technology, driving greater efficiencies across the combined business and further strengthening our platform in the region. We also continue to return capital to shareholders, investing $10 million in share repurchases during the quarter, bringing our total spend for the first nine months to $24.6 million.

Turning now to the operational review and beginning firstly with the Fresh Fruit slide on Slide 7. Fresh Fruit delivered an improved result in the third quarter within a complex operating environment with year-on-year adjusted EBITDA growth of 6%. As we anticipated on our last earnings call, contractual pricing mechanisms including fuel surcharges with our North American customers provided a benefit in the quarter and helped to offset some of the higher costs absorbed earlier in the year.

Looking at our two main product categories in more detail, and firstly, looking at bananas. In North America, underlying banana pricing improved while volumes were lower. Supply was impacted by adverse weather conditions during the quarter including the effects of El Niño.

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Against this backdrop, we remained focused on meeting customer requirements while maintaining our disciplined approach to profitability.

In Europe, volumes remained strong, while pricing was broadly in line with the prior year. For pineapples, fruit availability continued to be impacted by adverse weather conditions, while production costs remained elevated including from the continued strength of the Costa Rican colón.

Looking ahead to the fourth quarter, we continue to face elevated input costs, particularly for fuel, shipping and freight together with the ongoing effects of El Niño on supply. While shipping fuel surcharge mechanisms provide an offset in North America, in Europe, where we do not have the same level of protection, higher shipping fuel costs will have an adverse impact of approximately $16 million for the full year relative to our original expectations for 2026. Despite these pressures, we still expect a year-on-year improvement in Fresh Fruit in the fourth quarter, although at a lower level than we anticipated at the time of our second quarter results. Our focus remains on the areas within our control, commercial discipline, cost management and operational execution.

Turning now to Diversified EMEA. This segment delivered another solid performance in the third quarter against a particularly strong comparative period. Our Scandinavian business performed strongly, and our focus since completing the Greenfood Fresh Produce acquisition in July has been on integrating the business and progressing our longer-term plans for the Helsingborg facility.

South Africa continues to be impacted by the conflict in the Middle East, and we expect this to continue into the fourth quarter. Overall, the segment continues to perform well and we are targeting a result in line with the prior year.

Turning to Diversified Americas. This segment delivered another strong quarter, continuing the positive momentum we saw in the first half and contributing strongly to group performance through the first nine months of the year.

Our North American business performed particularly well with positive volume development across a number of key product categories including kiwis, avocados, grapes and tomatoes. The fourth quarter is an important period for the segment, marking the start of several key export seasons from Chile and Peru. Our focus is on executing well through these important programs as we close out the year. And with that, I'll hand you over to Jacinta to give the financial review for the third quarter.

Jacinta Devine^ Thank you, Rory. Turning firstly to the group results on Slide 11. Revenue for the third quarter increased 3.8% to approximately $2.4 billion, driven by growth across both Diversified segments and the net impact of M&A activity, partially offset by lower revenue in Fresh Fruit. On a like-for-like basis, revenue increased 2%. Gross profit increased by $13.5 million to $168.7 million, while SMG&A expenses were $3.8 million higher.

Operating income increased significantly to $88.9 million, primarily reflecting the gain recognized on the sale of our port facility in Ecuador together with the improvement in gross profit.

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Net income increased to $48.3 million compared with $13.8 million in the prior year. This primarily reflects higher operating income, lower interest expense and the absence of losses from discontinued operations recorded in the prior year, partially offset by higher tax expense, mainly due to the tax arising on the Ecuador port sale.

Looking now at the non-GAAP performance measures. Adjusted EBITDA increased 4.1% to $84.1 million, driven by strong performance in Diversified Americas and Rest of World and an improved result in Fresh Fruit, partially offset by a modest decrease in Diversified EMEA. Adjusted net income was $15 million, broadly in line with the prior year, while adjusted diluted EPS was unchanged at $0.16.

Turning now to the divisional updates and starting with Fresh Fruit on Slide 13. Revenue decreased 8% to $818.7 million. The decrease was primarily due to tariff-related impacts, together with lower banana volumes in North America and reduced pineapple supply in Europe.

Adjusted EBITDA increased 6% to $28.8 million with improved banana pricing in North America and strong banana volumes in Europe contributing positively to the result. These benefits were partially offset by higher pineapple production costs and increased fuel-related shipping and logistics costs. As expected, fuel surcharges in North America provided a partial offset to the higher shipping fuel costs during the quarter.

Turning to Diversified Fresh Produce EMEA, revenue increased 9.3% to approximately $1.1 billion, primarily driven by the acquisition in Scandinavia and higher underlying growth in the region, partially offset by lower revenue in Spain.

On a like-for-like basis, revenue increased 4.1%. Adjusted EBITDA decreased 3.1% to $39.5 million primarily reflecting a weaker performance in the Netherlands and Spain, partially offset by improved performances in Scandinavia, Ireland and the U.K. On a like-for-like basis, adjusted EBITDA decreased 2%.

Finally, Diversified Americas delivered another strong result in this quarter. Revenue increased 14.1% to $479.2 million, primarily driven by higher volumes in our North American business. The strong performance in our North American business drove the adjusted EBITDA increase of 22.8% to $15.8 million in the quarter.

Turning to Slide 16 for a review of key cash items and net leverage. The quarter saw a strong operational cash flow generation of $132.2 million and $123.7 million in the year-to-date. Year-on-year improvement reflected lower seasonal working capital outflows, the timing of tariff-related inflows as well as lower tax and interest payments. Capital expenditure was approximately $21.8 million and we have spent $64.4 million year-to-date.

Investment includes farming projects in Latin America and distribution facilities, ripening rooms and machinery related to blueberry and avocado packing in Europe. For the full year, we now expect capital expenditure of $90 million.

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Overall, we generated free cash flow of $110.4 million in the quarter, an increase from $66.5 million in Q3 2025 and year-to-date, an increase of $125.5 million. This strong free cash flow, along with the proceeds from the completion of the Ecuadorian port sale drove the reduction in net debt to $491.3 million, and net leverage of 1.3x at the end of the quarter.

Looking forward, we now expect net debt and net leverage to finish the year at a similar level. This is a comfortable level of leverage for the group and provides us with financial flexibility. Now I will hand you back to Rory, who will provide an update on our outlook for 2026.

Rory Byrne^ Thank you, Jacinta. So as we move into the final quarter of the year, we are pleased with the resilient performance of our group in the face of an ongoing challenging operating environment. However, we continue to face higher input costs, particularly fuel and shipping costs, together with the ongoing impact of adverse weather conditions on fruit availability.

While we continue to expect a year-on-year improvement in the fourth quarter, our expectations are now at a lower level than anticipated at the time of our second quarter results. And with that, we are now targeting full year adjusted EBITDA in the range of $380 million to $390 million for 2026 compared with approximately $400 million previously.

Importantly, we are pleased with the group's strong cash flow generation year-to-date and the significant progress made in strengthening our balance sheet. This leaves us well positioned to execute against our strategic and capital allocation priorities including driving operating efficiencies across the group, investing in and expanding the business in a disciplined manner and delivering returns to shareholders. So with that, I'll hand it back to the operator to open the line for questions.

Operator^ (Operator Instructions) Your first question comes from the line of Christopher Barnes with Deutsche Bank. (Operator Instructions) Your next question comes from the line of Pooran Sharma with Stephens.

Pooran Sharma^ I wanted to start off just maybe better understanding the change in guidance. You've gone from approximately $400 million to midpoint of $385 million today which is roughly in line with the $16 million of European fuel cost headwinds you called out. But I believe the $16 million is relative to your original expectations for the year when guidance was at least $400 million.

So I just wanted to ask you, maybe help us understand how much of that fuel cost pressure is incremental from what you were saying last quarter? And more broadly, is the reduction in guidance primarily fuel related or are there any other operational factors we should be keeping in mind?

Rory Byrne^ Thanks, Pooran. Yes. I mean the biggest single mover is definitely the fuel, and we just wanted to highlight that. If you look at even the basic Brent rate for 2025, it was an average of something like $65 a barrel. Q1, with the last month in particular, it went up to $78 a barrel, Q2 up to $96, Q3 up to $90, and so far in Q4, that's at $106.

So obviously as against our original expectations, that's a huge impact on it. There's some other knock-on consequences in terms of cost with knock-on costs and fertilizer increases, some box increases.

I think on top of that, we've just been a little bit unlucky in that the weather in particular and particularly in our pineapple business with the NDF, which is a technical issue that brings forward the production and gives us poorer quality and smaller sizes of fruit, and that has had a reasonably big impact on it.

But the biggest single factor is definitely fuel, and that's why we wanted to highlight that particular number as part of the adjustment in the guidance. But again, I think you stand back from it. You look at the world that we live in, you look at the radical nature of the change in some of the basic input costs. I think our teams have done pretty well to react more than satisfactory and as quickly as possible in that context.

Pooran Sharma^ Got it. I appreciate the color there, Rory. Maybe just shifting to my follow-up. Last quarter, we talked about Fresh Fruit historically being a 5% to 6% EBITDA margin business. But just thinking of the headwinds on fuel and even just supply availability, weather concerns.

Do you anticipate at a high level, these pressures to kind of drag on to the first half of next year? Any sort of high-level -- any sort of high-level breadcrumbs on how these factors will impact Fresh Fruit next year would be helpful.

Rory Byrne^ Yes. I mean obviously we're pleased that Q3 is better than the Q3 of last year, and we're hoping that Q4 is also going to be better than last year. But just not quite as much ahead as we had originally anticipated. It's a bit early to be forecasting for 2027. But I think the reality is that when we've had these kind of very radical inflationary increases by the very unusual events that the world has suffered, particularly around inflation on the fuel costs.

It does take the fixed price contract aspect of the business, a little bit of time to get that properly reflected. In our North American business, there's been a long-established bunker surcharge clause that gives us the ups and downs in fuel because it's the biggest single factor going into the equation, and that's worked well and is a well-established principle in the industry.

So we're hopeful that in terms of the Fresh Fruit business, the reality in particular around yields and some fall-off in yields expected going into 2027 that the customer base, I mean, there's been a huge amount of publicity within the industry, highlighting the issues from the different all of the production regions. And I think everybody is aware of it. And ordinarily, because they are industry-wide issues, the market reacts to it appropriately. So we're hoping that will be the case going into 2027.

Operator^ Your next question comes from the line of Balzhan Tleuzhanova with Freedom Broker.

Balzhan Tleuzhanova^ To what extent has higher underlying banana pricing in North America covered the increased fruit sourcing costs? As contracts renew, is there an opportunity to improve the spread between selling prices and sourcing costs?

Rory Byrne^ Yes. Thanks for the question. Obviously we don't -- just we're legally precluded from getting into too much detail on a public call around pricing. But we do -- in answering Pooran's question there, I think most of our customer bases as a mature industry are very familiar with the underlying dynamics at the production side of the business and the cost side of the business.

So ordinarily, we believe that the market should react in an appropriate way to adjust the pricing to reflect the current conditions. And that's certainly our objective going into 2027. That is what should emerge.

Operator^ (Operator Instructions) Your next question comes from the line of Gary Martin with Davy.

Gary Martin^ Can you let me know if you can hear me just because I'm having some technical issues on my side here?

Rory Byrne^ We've got you Gary.

Gary Martin^ Good to hear. Hopefully, this question hasn't been asked already because I dropped off the call there briefly, but it would be good to get just a bit of a refresh on the capital allocation policy. And particularly, I think there's a slightly lower CapEx guide for the year.

It would just be good to kind of run through the technicalities of that. Just how to extrapolate that forward and just in terms of just the different tenets of your policy moving into FY 2027 and beyond?

Rory Byrne^ Yes. I mean just in general terms on our policy on capital allocation, we do cover all of the different elements of capital allocation. So we've highlighted what we did on buyback. It's one tool in the kit. We have executed a reasonable percentage of the overall buyback permission that we have. We keep an opportunistic approach to that.

We've looked at our dividend. We've held our dividend steady in the current year. We have a lot of investors who are pleased with that. And then we have a lot of activity going on and looking at all of the investment activity within the business, and that's obviously a combination of replacement and maintenance CapEx.

But more importantly then, we have a range of development CapEx opportunities that we're constantly studying and exploring. We look at some major acquisitions as well. But I think in the short term, the more likely outcome is around bolt-on acquisitions, just with the values in terms of making sure that we -- if we do an acquisition, it does clearly add value to the equation.

So we've done a lot of work in getting our balance sheet into a much, much stronger position. The disposal of the Ecuador port, in particular, very important and significant valuable deal from a group perspective in that we realized the guts of a net $100 million in cash with negligible impact on earnings.

So it's rare to find those kind of deals. So we're very pleased with that. And I think all of those just gives us a little bit more flexibility in terms of all of the normal ongoing capital allocation analysis that we do, Gary.

Gary Martin^ That's really helpful. Just maybe as a follow-on, Rory. I know we've spoken in the past around the M&A pipeline kind of moving from weakness to strength to weakness, et cetera. I mean how does the kind of current pipeline look right now in terms of prospective targets out there in the market?

Rory Byrne^ Well there are quite a few players, private equity guys, both in North America and Europe who are looking at exits on a range of deals, it's pretty public knowledge as well. So we keep a close eye on all of those opportunities. And we have got predetermined internal rules around the kind of prices that we're going to pay. And obviously that's impacted or affected by the way the stock market looks at us and how we can be absolutely sure if we do acquire something that it is going to be shareholder value enhancing.

So the pipeline is interesting. I think I said a couple of minutes ago, the more likely scenario in the short term, definitely is some smaller bolt-on acquisitions that can be interesting to grow in different particular geographies.

But we keep our eyes on all the activity, not just in Europe and North America, but the Far East, down under Australia and New Zealand and to see what's happening in the industry and having a bit more financial flexibility gives us more capacity to look at deals, but we will remain disciplined in terms of the price we would pay for any acquisition.

Gary Martin^ Maybe just to change tack a tiny bit, just moving to the operational component. Just on Diversified Americas and Rest of World, it's been a particularly strong succession of quarters now. I guess I'll ask the same question that I do typically ask which is how sticky do you expect this to be into the future. And as we kind of think about the different moving parts of performance and profitability into FY 2027, will this be a positive contributing factor there?

Rory Byrne^ I think we've done very well in the Americas, Rest of the World over the last number of years. We're hoping to sustain that. We've been growing the business. And we've added in some new suppliers. We've created some big efficiencies in terms of how we do our marketing and consolidate our different activities in North America. We've been developing well.

Our Oppy North American business has performed very well this year, and we've developed across a range of categories in a very strong way there. I mean there's no reason to think today that we don't have a strong underlying base within that business. It gives us a sensible platform to move forward.

Gary Martin^ That's really helpful. And then maybe just a more kind of wide-ranging question just around El Niño. I mean do you think that there's still a degree of tail risk out there in the market just in terms of yields and potential knock-on impacts because of that? And just maybe a kind of a more competitive kind of side of the coin. I mean do you think that you're better positioned than some of your counterparts out there in the market? And is this a potential opportunity for Dole from a competitive perspective?

Rory Byrne^ Yes. I mean we've been watching the El Niño really from the start of the year and I think as time has progressed, the predictions that it was going to be one of the strongest on record are starting to come through without a doubt.

Over the years, as we've said on previous calls, we've done a lot of work within our own organization. So the areas that we get too much rain in such as Ecuador, we've improved our flood protection and our drainage systems to make sure that we can cope with it as best as we can. And in some of the other areas we get impacted by drought, we've improved our irrigation systems.

There is no doubt that it's stronger. I mean it's at the strong end of the predictions and that can have an impact on yields without a doubt, particularly in Central America and a country like Colombia as well has had some quite significant impact from weather and a lot of variability in weather which has been particularly unhelpful.

So I think certainly, in the banana business, we have the broadest Diversified sourcing base, and that should be helpful to us. But I think the whole industry is going to suffer some shortage of volume, and that should be reflected in the market reaction to that. And the other categories in Diversified, certainly other countries like the northern part of Peru, for example, we believe it's going to be quite seriously impacted on an isolated basis.

So we think that, that can impact on products like blueberries and grapes. We're not too strong in that area, but we're keeping our eyes on it carefully. So -- there's a bit of volatility to unfold over the next few months, Gary, but we're watching it carefully, and we believe we'll be able to manage our way through it in a satisfactory way.

Gary Martin^ That's super helpful. And maybe just one final question just on the kind of greater cost complex. And just with an eye to customer negotiations. Of that kind of component of costs that are more directly negotiated with some of your customers, if possible, can you give us a bit of an indication as to how those discussions are going from a kind of a pass-through perspective?

Rory Byrne^ Yes. I mean as you know in the two Diversified divisions, we've got dynamic pricing that reflects on an ongoing basis and more directly and the impact of those cost item changes going into the mix. And we've been able to work our way through that pretty satisfactorily.

On the Fresh Fruit business which has a higher element of fixed price deals on bananas and pineapples, I mean, those negotiations are starting. They're underway, and we really -- we're precluded from getting into too much details in a public forum around the specifics of pricing or percentage recovering.

But -- so they are industry-wide issues. Everybody is suffering very similar or broadly similar or even worse consequences than we are. So ordinarily the market understands that and the market reacts appropriately to that. So that is our expectation.

Operator^ Your next question comes from the line of Christopher Barnes with Deutsche Bank.

Christopher Barnes^ Hopefully, you can hear me now.

Rory Byrne^ We got you now Chris, yes.

Christopher Barnes^ Okay. Great. I guess first, just coming back to the EBITDA guidance. The revised range still implies a relatively strong growth in Q4, like up 9% at the low end. So just given the cost inflation and volatility you've encountered this year, how much visibility and confidence do you have around that target? And just what are the key drivers to keep in mind over the next couple of months?

Rory Byrne^ Yes. I mean I think I've tried to outline the drivers in it, and we had an expectation of probably an even stronger Q4. We had a weaker Q4 last year which is certainly a factor going into the equation, Chris, in terms of the comparator. So that's helpful in terms of setting the benchmark for the outcome for Q4 and probably the biggest single driver in it.

Obviously in terms of reviewing the guidance, we do a lot of interaction with all of our operating divisions to give our best estimate of what we believe the quarter or the full year is going to come out. But there's no doubt that this is a complex time to provide very accurate guidance.

So I think something like a 3% to 5% fall against the expectation is pretty minimal in the overall scheme of things. That's the guidance we put out based on the best information we have today, and we put it out with the full confidence and expectation that that's the target that we will achieve.

Christopher Barnes^ Understood. And just another question around just the broader banana industry. You've alluded to it a couple of times on this call but obviously, your peers have cited some of the unsustainable pricing levels in bananas in the years of inflation, geopolitical disruption, weather.

Just as production, supply chain, transportation costs continue to rise, just how are you approaching pricing and planning discussions, both with your retailers, but also with your banana growers into next year and then just like the longer like medium term? I think that would be helpful perspective.

Rory Byrne^ Yes. I think in macro terms, the way we approach it is the way we have always approached it. We just look at the reality that we're facing, and if costs go up, or yields go down or there's an impact like that, we are very transparent with our customer base.

We've been working with our major customer base, both in North America and Europe for a long, long time. There's a high degree of integration in most of the key relationships and there's a high degree of transparency around the factors affecting the industry in general terms. And I think just with the amount of information coming out from the industry, from industry bodies, I think our customer base and some of our grower base are also very, very familiar with all of the issues.

So we have an experienced management team dealing with the ups and downs of the industry, managing it quite effectively over a long period of time and we'll apply the same rigorous thought processes that we've always done in managing through the variables that you've just identified, Chris. And historically, we've been able to manage our way through those in a pretty satisfactory way, and we hope to do the same going into 2027.

Christopher Barnes^ Great. And then just one final one for me, just around El Niño. I'd love just some updated thoughts and perspective. Just -- you provided some around like your direct impact on your farms and some of your key growers. But like how resilient would you say the infrastructure in some of these key growing and sourcing regions is?

And how equipped are you to navigate any logistical disruptions that may arise and utilize alternative sourcing to the extent like you have disruptions on roads or bridges or ports, just some of that like indirect impact?

Rory Byrne^ I think we're better equipped than pretty much anybody else in the industry. And on the banana side, our Diversified sourcing base is much better than pretty much all of our competitors. So that gives us a high degree of flexibility around adapting or adjusting if necessary, if circumstance call for it. But I think the main infrastructure around roads and bridges or other issues that you mentioned.

I think we're not expecting that kind of fundamental structural damage. This is more storms -- short-term storms, very heavy rain or lack of rain and the drought-affected areas, but some heavier storms than usual but not so heavy that they're going to cause infrastructural damage or inability to handle the fruit.

Operator^ There are no further questions at this time. I will now turn the call back to Rory Byrne, CEO, for closing remarks.

Rory Byrne^ Thank you. Okay. So to wrap up, I think we are reasonably pleased with the progress that we've made in the business during the first nine months of the year. Our performance demonstrates the resilience of our overall group, and we remain confident in our ability to deliver sustainable growth and value over the long term.

I'd like to give a huge thanks to all of our people across the group. In these kind of years, when it's more complicated than normal, we really need and we really value the commitment and the continued hard work from everybody in all aspects of the group. Really appreciate the support from our shareholders, from our customers and suppliers. So thank you all for joining us today and for your continued interest in Dole. Thank you.

Operator^ This concludes today's call. Thank you for attending. You may now disconnect.