

for a healthier future

ANNUAL REPORT **2015-2016**

- Our vision -

“ To make *lives healthier*
by *helping people enjoy*
fruit and vegetables,
at any moment,
easy,
fast and pleasurable
whilst *fostering nature.* ”

- Contents -

Our vision	2
Words of welcome	4
The Group: summary and strategy	10
Key events 2015/2016	12
Greenyard Foods' market overview	14
Presentation of the Group	
FRESH	16
FROZEN	20
CANNING	24
HORTICULTURE	28
Innovation	32
Sustainability	34
Human Resources	38
Colophon	40

- Words of welcome -

Greenyard Foods' executive chairman Hein Deprez and CEO Marleen Vaesen look back on 2015 and look forward with consumers to a healthy future

Building clusters of strength. Consolidating complementary activities. All to meet consumer wants and needs as well as possible. The Greenyard Foods merger was a logical step in a long journey for Hein Deprez, Executive Chairman of the Board of Directors, and Marleen Vaesen, CEO. A conversation about fruit and vegetables – fresh, frozen and canned – on a bed of substrates.

Hein Deprez
EXECUTIVE CHAIRMAN

Marleen Vaesen
CEO



“

The mission, vision and values and the key priorities were established ”

Univeg and Peltracom were added to Greenyard Foods on 19 June 2015. What's your view of the past year?

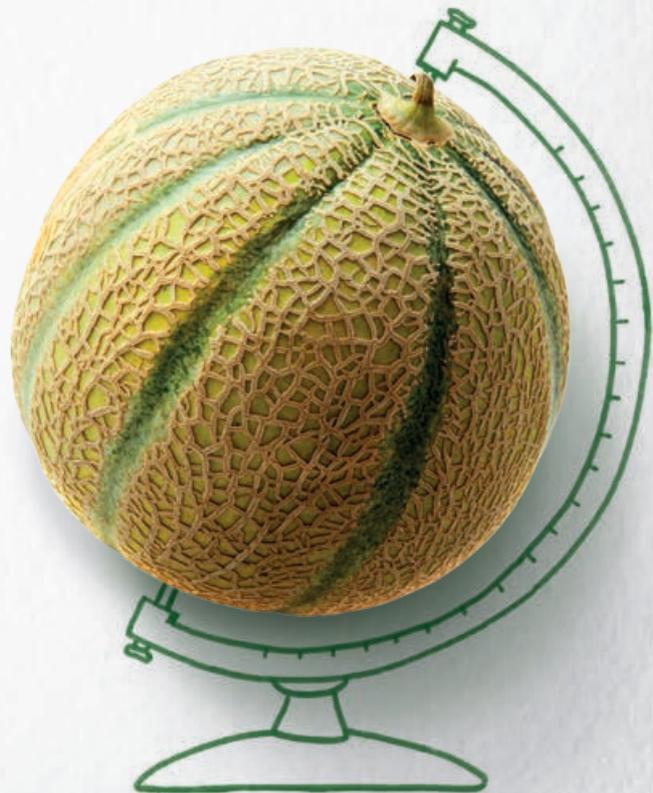
Marleen Vaesen: The build-up to this merger was very intense, but it went well. The group has now published consolidated accounts for the first time and Greenyard Foods' turnover has increased to €4.0 billion, with REBITDA at €136.2 million and net profit at €17.0 million. In spite of several acquisitions, debt has decreased to €382.9 million, reducing the debt ratio to 2.8x.

The merger was received positively by the market and by stakeholders. After approval by the extraordinary general meeting of shareholders in June we immediately began setting out the compass of the new group's future area of operations and growth. The corporate offices have been

brought together at one site and the financial integration has been completed. We established the mission, vision and values and the key priorities at the beginning of this year. We are primarily focused on growing sales and delivering cost synergies, as well as HR and corporate governance. Over the next few months we will develop the right strategies and roll them out in the various segments based on our mission statement: 'To make lives healthier by helping people enjoy fruit & vegetables, at any moment easy, fast and pleasurable, whilst fostering nature'.

To grow sales we'll focus on cross selling and innovation, while for cost synergies we'll target the largest categories of operating costs and capital expenditures.

We want to help people worldwide to live healthier lives.



How have the divisions responded to the merger of their businesses into a single group?

Marleen Vaesen: Positively. We are well aware that bringing together all that knowledge and expertise triggers a dynamic that can only enhance their competitiveness going forward. It is all about growth. Our starting point is the strength of each division and from there we look to see where we can create new opportunities, in terms of both operations and employee development. We have already identified exciting synergy opportunities between Horticulture (Peltracom) and Fresh (Univeg).

Does the merger have the full support of the shareholders?

Hein Deprez: Definitely, and that further strengthens our financial position. It creates continuity and stability, and confidence in the future. The merger also helps us scale up, enabling us to improve our financial structure.

“
We want to grow fruit and vegetable consumption by investing in convenience
”

The merger is a logical development for all stakeholders and is driven by people who have been active in the industry for many years. So it was the right time. Consumers understand the value of healthy food more than ever before. They know they have to eat their daily portion of fruit and vegetables. It's just that they don't always have the time to prepare meals with fresh ingredients. After a busy day at work they prefer a fresh packaged salad or a frozen vegetable mix they can prepare quickly. So demand is growing for tasty, healthy convenience foods. By combining forces, Greenyard Foods has become a single group with a uniquely full range of fresh, frozen and canned fruit and vegetables that give consumers exactly what they need.

How does Greenyard Foods respond to consumer demand for increased convenience in its operations?

Hein Deprez: We're not about to change the shape of apples or create a completely new variety. We will simply offer what's available today in a more convenient way. Red cabbage in small portions, say. Washed and freshly packed, frozen or canned. And why not present fresh, frozen and canned fruit and vegetables all in the same place in the store? Consumers would see the whole range in one glance and would be able to compare more easily.

Marleen Vaesen: We certainly have the knowhow and the right suppliers, and we can ensure the logistics are

seamless, in all segments. Chopping fresh vegetables for ready-to-eat concepts, freezing soups, mixing smoothies... fast and easy. We constantly scan the market to understand consumers and offer appropriate solutions. We also continue to look for new techniques and concepts. Innovations are coming thick and fast.

How do you present convenience concepts to consumers in shops?

Marleen Vaesen: We currently do that in the form of combined presentations. Think DIY packs. But in the future they could be complete meal boxes or combined shop presentations with fruit and vegetables in all their forms in one place. Naturally, we have to support the retail channel there. And that's exactly what we're doing.



Do growers also benefit from the merger and the consumer focus?

Marleen Vaesen: They certainly do. If we manage to help consumers eat more fruit and vegetables at all times, there's no doubt that will create added value for everyone in the chain.

Hein Deprez: The producers welcome any direct contacts with consumers. We see that in the many small-scale local-for-local initiatives. Producing and processing in the consumer's backyard, you might say. Distribution centres close to the producer and new ripening systems help get our products from field to shop faster, while they are fresh. We also see people growing more and more produce themselves. Look at the urban farming trend, like roof gardens. It puts fruit and vegetables at the top of consumers' minds. A positive development that benefits everyone.

E-commerce is another unstoppable development. How does Greenyard Foods use the internet?

Marleen Vaesen: The internet has a lot to offer us. Information about fruit and vegetables, the advantages, how to improve quality of life... The internet can help share

the knowledge in our organisation with consumers. It enables us to give them better information and explain the necessity of a healthy diet.

Hein Deprez: Once the communication is in place that can lead to dialogue and interaction - and ultimately perhaps to a transaction. Retailers have an important role to play there. With their point of sale network they are perfectly placed to fulfil that last mile, the online order. Together with us. The products offered must always be grown, processed, packed and distributed.

Greenyard Foods is not simply a food business. Substrates is an outlier. Or is it?

Hein Deprez: What is non-food doing with food? The answer is that it is the basis of everything. When I started growing mushrooms I knew that a good substrate was vital to a good end product. Take Belgian strawberries. Fifteen or so years ago there was hardly any outdoor cultivation here - imports from Spain were much cheaper. With the introduction of substrates we have raised production, literally and figuratively. The strawberry runners are now kept off the ground. Productivity has risen, we've achieved higher yields, the quality of the end product has improved.



Strawberries are back big time now. Our Horticulture division constantly develops variations that allow new cultivation in limited areas with a minimum of resources. So this non-food division does indeed have a place within the group. To put this into perspective: we have to put almost three million tons on the market to generate €4.0 billion in sales. The majority of those products come straight from the producers. By making innovative cultivation systems and knowledge available to them we secure affordable, high-quality products that consumers want to buy. This reduces the risk that distribution will be left with lots of surpluses. Targeted production, optimal yields, efficient distribution.

To end: is the merger the end of a long journey or the beginning of something new?

Marleen Vaesen: This merger is just one step in a continual process. A milestone but not the destination. Consumer tastes change fast, so we have to keep reinventing ourselves, improving and adapting.

Hein Deprez: The merger has also made us aware that you have to keep learning all the time, as a company and as an industry. You have to be open to new things, to constantly challenge your assumptions. We have taken giant steps in the past year, forming a Leadership Team.

We have consolidated individual entities to create a new organisation. We have stimulated communication and cooperation between the different divisions. We have demolished the wall between fresh, frozen and canned, and given our substrates a place in the group. So we can approach the future and consumers with an open outlook, towards success.

Marleen Vaesen: Lastly I would like to express our gratitude and appreciation to our employees for their hard work in 2016. I would also like to thank our shareholders for their continual support and our customers, suppliers and other business partners for their loyalty to Greenyard Foods.



THE FIVE PRIORITIES OF GREENYARD FOODS

We work every day to create a healthy future for everyone, by working with all parties in the chain to inspire consumers to eat more fruit and vegetables, and in doing so creating value for everyone. To achieve our goals we have set five clear priorities for 2016-2017.

- 1 Implementing our mission, vision and values throughout the group and creating a single clear corporate identity. In the future we will increase the uniformity of the various corporate names.
- 2 Setting up various initiatives to increase sales of fruit and vegetables.
- 3 Delivering synergies in terms of costs and investments.
- 4 Developing corporate governance in line with the increased scale.
- 5 HR - Talent development, because people are our main asset.



Our 'fork to field' partnerships provide perfect service to consumers.

NEW GROUP UNDER ONE NAME

A new group and a trail-blazing vision demand a new corporate identity. That is supported by a strong, meaningful name: Greenyard Foods. Hein Deprez: "It is a fantastic name: clear, transparent, simple and international. Our fruit and vegetables, fresh or processed, come green from the yard. To cultivate the garden, we supply materials in the form of substrates. So it encompasses our whole business. Add the strapline, 'For a healthier future', and everyone knows what Greenyard Foods stands for and where we're going."

“ This merger is just one step in a continual process, a milestone but certainly not the destination ”

Greenyard Foods in a nutshell

Greenyard Foods is one of the world's biggest fruit and vegetable suppliers, with annual turnover of almost €4 billion. It is the only group able to deliver the whole range of fresh, frozen and canned fruit and vegetables. At the same time Greenyard Foods also supports growers with its substrate segment, which is unique in the industry.



3 SEGMENTS, 4 DIVISIONS

The businesses can be split into three segments: Fresh (turnover €3.249 million), Prepared (turnover €646 million) and Horticulture (turnover €72 million). These three segments consist of four divisions (Fresh, Frozen, Canning, Horticulture) classified according to their end product. Fresh is primarily active in fresh products: fruit and vegetables, flowers and plants, and logistics of fresh produce. There are two divisions in the Prepared segment: Frozen and Canning. Produce is frozen immediately after harvesting and preparation. At Canning, produce is prepared just after harvesting and sterilised. That ensures a longer shelf-life. The last segment is Horticulture, which harvests, treats and mixes peat to obtain a high quality substrate for end users.

SOURCING GLOBALLY, ACTING LOCALLY

Greenyard Foods is a global market leader, active in 25 countries. The group has the scale and the knowledge to source fruit and vegetables and supply them to customers throughout the year. Our strategic partners and growers ensure the right quality and quantity are sourced at the

right time. Greenyard Foods is also Europe's biggest ripener with more than 500 ripening rooms and 200 packing lines, to further improve the consumer experience. We supply the majority of the top 30 food retailers across Europe through 32 distribution centres (Fresh), 15 Frozen and Canning production facilities (Prepared) and 9 Horticulture sites.

The group supplies more than two million tons of fresh fruit and vegetables in the Fresh segment and more than 600,000 tons of frozen and canned fruit and vegetables in the Prepared segment. That makes Greenyard Foods a top 3 global player in Fresh, Prepared and Horticulture.

“ The group has the scale and the knowhow to source fruit and vegetables and supply them to customers throughout the year ”



From left to right: Dominiek Stinckens, Irénke Meekma, Hein Deprez, Marleen Vaesen, Alexander Verbist, Stefaan Vandaele, Hans Luts and Koen Sticker.

LEADERSHIP TEAM

A Leadership Team was set up after the merger on 19 June 2015. This team comprises senior management and the divisional managers, together with the heads of Legal and Human Resources. It meets on a monthly basis to discuss strategic matters. These initiatives help drive sales, deliver synergies across divisions, and improve corporate governance, talent development and HR. In other words, the Leadership Team puts the mission into practice within the group and is responsible for rolling out the initiatives.

- 2015 / 2016 -

Key events

2015



JUNE

June 19: The Extraordinary General Meeting of Shareholders (EGM) approved the merger of Greenyard Foods, Univeg and Peatinvest, creating a new Greenyard Foods with pro-forma turnover of €4 billion.

NOVEMBER



November 24: Pinguin and Noliko celebrate their fiftieth anniversary at "Het Huis van de Toekomst".

AUGUST



August 28: The joint venture with Veiling Haspengouw auctions is finalised. The participation of Greenyard Foods in H-Fruit and H-Pack makes Fresh a major player on the Belgian apple and pear market (local-for-local).

2016

JANUARY



January 5: Greenyard Foods reaches an agreement for the acquisition of Lutèce, market leader in canned mushrooms, strengthening its position as global leader in fruit and vegetables.

MARCH

March 31: The Lutèce transaction is finalised. Lutèce is incorporated into the Canning division.

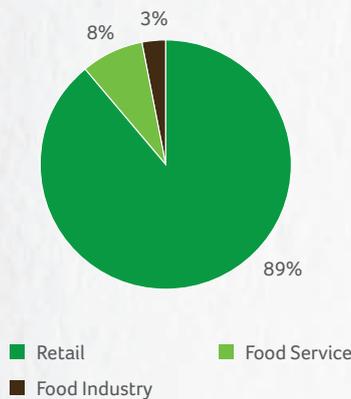
FEBRUARY



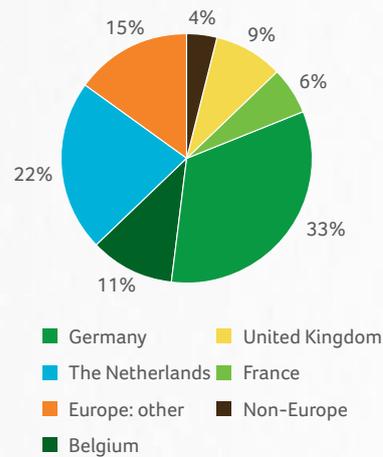
February 2: Managing Directors' meeting in Berlin: first post-merger meeting of all managing directors to set priorities for the coming year and brainstorm on the mission, vision and values.

Greenyard Foods' market overview

Consolidated turnover by sales channel



Consolidated turnover by country



SALES CHANNEL

RETAIL

Greenyard Foods produce is sold through supermarket chains in more than 80 countries. The range is very diverse, covering fruit and vegetables, flowers and plants, and growth substrates. Production is mainly oriented to in-house brands, in close association with the retail partners.

FOOD SERVICE

Food service customers are companies that process produce supplied by the Fresh, Canning and Frozen divisions into meals. Essential ingredients in a successful meal, our produce is used in numerous industrial kitchens, catering, restaurants and schools.

FOOD INDUSTRY

The Greenyard Foods Canning and Frozen divisions also supply many other food producers, including brand producers. These companies process our fruit and vegetables as ingredients in their products, including soups, ready meals, pasta products and salads.

SALES NETWORK

Each of the four Greenyard Foods divisions has its own sales network. Since the merger, initiatives have been launched to work together on cross selling and joint selling.

FRESH DIVISION

The Fresh division works almost exclusively with retailers, supplying 25 of the biggest retails in western Europe. Sales go through the local Fresh companies, making it easier to respond agilely to local needs and wants. To that end, the Fresh division has local logistical and distribution centres supplying customers in the vicinity.

FROZEN DIVISION

Local sales at the Frozen division are managed through its international production sites. Local sales on the Brazilian market are managed through the Brazilian sales office. Other export flows are primarily managed through Belgium.



CANNING DIVISION

Sales at the Canning division - in Europe and beyond - are primarily managed through Belgium. Canning's biggest markets are the countries neighbouring Belgium. Sales are increasing elsewhere, primarily due to the acquisition of Lutèce in early 2016.

HORTICULTURE DIVISION

Sales in the Benelux and northern France are managed by the Ghent office. Southern France and Spain are supplied from the French sites. Horticulture produces in Poland and sells to the Polish market. Exports to other countries around the world go through the production site in Latvia.



FRESH

Added value for all parties

“With the group mission as its touchstone, just like all other group divisions, Fresh works hard to create added value for all parties in our chain: growers, retailers and not least consumers.” A conversation with Marleen Vaesen, CEO and Managing Director of Fresh.



A STABLE, RESILIENT DIVISION

“Fresh has performed solidly this past year. We note appropriate pricing and in most countries volume growth. That said, 2015 began on anything but a positive note, as in consultation with a German customer we took the decision to cancel our mutual contract,” says Marleen Vaesen. “We soon managed to negate the impact on sales due to our expertise and knowhow in fresh produce, our strong focus on logistics and supply chain management, and our broad customer portfolio, as well as a favourable price environment. We did so primarily at existing customers. In the Czech Republic, for instance, we introduced a retail model that has already been successfully rolled out in the Netherlands. This, together with strong performances at existing customers, enabled us to relatively quickly stabilise sales. Proof that Fresh is a solid, resilient player and that we deserve our leading position.



INVESTING IN READY-TO-EAT

As a generalist with local expertise, a good geographical spread and a broad fruit and vegetable produce range, Fresh is able to respond quickly to new developments in the market. In doing so, it always prioritises consumer needs and wants. “The continual growth of convenience products like freshly chopped salads and mixes, is a good example of that. We are fully invested in new fresh

FRESH IN FIGURES



Turnover

€3,248.8 million euros



REBITDA

€75.4 million euros



Workforce

5,550



Marleen Vaesen
CEO AND MANAGING DIRECTOR OF FRESH

“ Our strong focus enables us to supply ready-to-eat products faster ”

convenience concepts, which we gear our production and logistics to. The increasing success of exotic fruit and ready-to-eat products, in convenience form too, allows us to focus more on these activities. We recently built new, hi-tech banana ripening rooms in Belgium, mirroring our infrastructure in the Netherlands, Germany, France and the United Kingdom. That allows us to supply consumers faster and more easily with ready-to-eat produce like avocados and mangos. By ripening the products, we meet the expectations of consumers, which creates trust. We are now harnessing our expertise in ripening to add new fruits to our range. We are actually the biggest ripener in Europe when it comes to bananas.”



GREATER DIVERSIFICATION, MORE FLAVOURS

The expansion of the ripening activities also responds to consumer demand for more flavours. “Consumers today don’t want one flavour, they want choice. “That’s why we are constantly looking for local and exotic varieties with distinctive, rich flavours. That could be mangos and kiwis, but it could also be berries or tomatoes. To meet the growing demand for local products, last year we brought a number of leading local players into our group. The acquisitions of H-Fruit, the hard and soft fruit sales organisation at Veiling Haspengouw auctions, and



Logistics centres

32



Volume

2,000 ('000 tons)



Operations

21 countries

the related H-Pack, one of Europe's cutting-edge sorting and packing stations, give us greater access to the local market. At the same time, it offers attractive international distribution prospects for our products. We continue to work to inspire consumers around the globe to eat more fruit and vegetables. This is an important aspect in the vision of Greenyard Foods."



VERTICALLY INTEGRATED CHAIN

"Close working relationships with the various parties in the chain is another key part of our mission. Good partnerships with retailers with regard to category management is essential if we are to serve consumers properly and offer them the right products," says Marleen Vaesen. "But we work on and broaden our relationships at the other end of the chain, too, at the growers. The fact remains that sourcing is a key driver in our business model. That's why we constantly invest in durable quality systems and harness our expertise in various fields to support our growers. All told, we continue to create value for all our partners with the aim of creating a healthy future for everyone."



EXTRA ATTENTION FOR QUALITY

The Fresh division has a global and local quality assurance team that closely monitors growers to ensure they meet all requirements with regard to the safety, quality and traceability of our fresh produce. "This unique blend of international and local knowhow enables us to anticipate and respond fast to ever changing food safety requirements and the specific needs of the market," says Marleen Vaessen.





*Responding to consumer needs
constantly demands our full attention.*

FROZEN

Investing in sustainable growth

“Every division benefits from consumers eating more fruit and vegetables and so leading healthier lives.” Hans Luts, Managing Director of Frozen, supports the mission of Greenyard Foods wholeheartedly. “The frozen fruit and vegetables division wants to create added value for all parties in the chain.”



CONVENIENT FOR CONSUMERS

“A shift to more convenient products can encourage consumers to eat more fruit and vegetables,” says Hans Luts. “And frozen performs well in terms of convenience: the vegetables have already been washed, they are available in different varieties, chopped to the right size, it’s easy to split them into portions and, importantly, they can be prepared quickly. Consumers can buy and prepare however much they need. We are a very environmentally-minded industry. We also use fruit and vegetables that are not the perfect shape or specific varieties, such as large cauliflowers, as they are totally fine quality-wise. We sell them chopped into cubes or slices, or as ready-to-eat puree with the same flavour. In doing so we minimise waste and contribute to sustainable growth, which is a great bonus.”



RESPONDING TO TASTE AND EXPERIENCE

Frozen analyses the dietary habits of consumers just like every other fruit and vegetable company. “While consumers may understand that fruit and vegetables are healthy, they are still not eating enough of them,” says Hans Luts. “So the growth will have to be mainly driven by innovations that get consumers to eat more fruit and vegetables. This can be done by responding to the tastes and experience of consumers. Customers are also increasingly interested in products that are easy to prepare. Semi-prepared meals are winning more and more ground. Customers go for soups and frozen vegetable mixes more often than buying the individual ingredients. We also see that customers are increasingly demanding when it comes to perfect flavour and good nutritional qualities. As a consequence,

PREPARED IN FIGURES



Turnover

€646.2 million euros



REBITDA

€51.6 million euros

FROZEN IN FIGURES



Workforce

1,597



Hans Luts
MANAGING DIRECTOR OF FROZEN

“Growth will mainly come from innovations that stimulate the consumption of fruit and vegetables”

we are increasingly a trusted partner of retailers, food service and food industry customers. The first step in the right direction may be better agreements with retailers on the placement in store, say.”

 **SUPPORT TO GROWERS**

Growers can also count on the support they need. “Frozen food companies traditionally have a strong presence in harvesting areas, close to the fields,” says Hans Luts. “That allows us to harvest crops and process them quickly when they are at their best in terms of flavour and nutritional value. We often support growers by providing practical advice and sharing innovative techniques.

For instance, we use drones to quickly and efficiently check the condition of crops and determine the best time to harvest them. Or we test out varieties that have a richer flavour or are more resistant to disease.” Our local presence allows us to produce in a targeted way, depending on agronomy and the climatological conditions, and market the stored volumes in line with demand. “Peas and beans are very popular in the United Kingdom, while we mainly grow onions, broccoli and cauliflower in Poland. By processing them in a professional way, storing them in bulk and packing them only when the customer orders, we can supply the market all year long until the new harvest comes round.”





EFFICIENT ORGANISATION

Frozen's home market is Belgium. But the United Kingdom, France, Hungary and Poland are also major production centres exporting worldwide. "More centres means greater diversification. We build in extra certainty and customers see that we are not dependent on one region," says Hans Luts. That said, Frozen ensures that operational excellence, one of the strategic cornerstones on which Greenyard Foods is built, is never compromised and constantly looks to identify improvements. "That's why we restructured the Polish frozen division last year and consolidated our activities at a number of plants, which led to a major investment in Lipno. Consolidation makes things easier and more efficient. Another example of operational excellence is our engagement in NexTrust, a project in which 30 leading European companies are working to structure their logistics in a sustainable way. We want to reduce the number of trucks on the road to cut our carbon emissions."



“

Culinary advisors and chefs develop and optimise preparation methods based on consumer needs”



TOGETHER WITH RETAILERS

"As well as consumers and growers, we are in continual contact with our retailers, food-service customers and industrial partners", says Hans Luts. "We work together closely so we can understand how they want to position themselves based on their own strategic decisions. Those intense partnerships lead to new products and concepts being introduced onto the market. So it's a continual, intense dialogue. We employ culinary advisors and chefs who keep their finger on the pulse and develop and optimise preparation methods according to need. So we currently see great demand for healthy nutrition with less salt and less fat. Frozen can definitely respond to this, as can the other Greenyard Foods divisions, by investing more in variation and 'green' products and innovative concepts, such as fruit for ready-to-use smoothies. But then consumers have to be able to find their way to the freezers in stores more easily and become more convinced that frozen fruit and vegetables are part of a balanced diet."



FROM WASTE TO RECYCLING

Hans Luts concludes by pointing out again that a healthy future is an environmentally friendly future. "As well as marketing products that can be divided into portions, we also work as sustainably as possible at our production sites. There are projects in the United Kingdom and Belgium to reduce, separate and recycle packaging (wood, cardboard, plastic). Water is purified and where possible reused in the production chain. As such, step by step we are transforming our waste flows into recycling flows. A development that benefits everyone in the long term."



People must have
quick and easy
access to tasty fruit
and vegetables.

CANNING

Right on trend

Consumers want quick and easy access to tasty food. They get that from the Canned segment. “We are convenient, we market a rich and varied range and we constantly refine our products and packaging forms to meet the wishes of consumers.” Dominiek Stinckens, Managing Director of Canning, talks about the dynamic character of his division and its complementarity with the other Greenyard Foods divisions.



CANNING IS CONVENIENT

The advantage of canned foods has always been that they have a long shelf life and they are easy to use. “Everything is ready to eat. The products are canned in a fully controlled process that seals in the nutritional value and flavour,” says Dominiek Stinckens. “On top of that, we can market a wide range: from traditional summer and winter vegetables to dried legumes, potato products, pickled products, like pearl onions, and exotic products, like sun-dried tomatoes and artichokes. Packed separately in glass, pouches or plastic film, in smaller and smaller portions, due to the rising proportion of smaller or one-parent families and people living alone. We also respond to the demand for simple solutions that can be prepared quickly for any occasion with our pastas, soups and broths. Changing eating habits does not only have an impact on packaging forms though. “Almost a third of our turnover is



generated by new products that did not exist five years ago. The R&D department drives our division, releasing some 60 to 70 new preparation methods and products every year. Innovation is in our DNA.”

PREPARED IN FIGURES



Turnover

€646.2 million euros



REBITDA

€51.6 million euros

CANNING IN FIGURES



Workforce

750



Dominiek Stinckens
MANAGING DIRECTOR OF CANNING

“ The advantage of canned foods has always been that they have a long shelf life and they are easy to use ”



FOCUS ON HEALTH

One of the drivers of innovation is the increasing interest in healthy nutrition. Within Canning we endeavour to help consumers adopt a healthy diet, as per the group mission,” says Dominiek Stinckens. “In doing so, we want to start by changing the perception that the salt content is too high in canned foods, which isn’t the

case. We even make a full range of products with no added salt at all. We also have a whole range of light products. There are no preservatives in canned foods. We naturally want to continue to provide information on all these matters, as we also communicate transparently on the origin of ingredients, another consumer concern. Or the healthy aspects of certain product groups. Legumes like haricot beans and kidney beans are perfect meat substitutes.



Plants

2



Markets

15



“The acquisition of Lutèce means we can now fully capitalise on the healthy qualities of mushrooms”

LUTÈCE, ADDED VALUE FOR EVERYONE

The acquisition of Lutèce means Canning can now fully capitalise on the healthy qualities of mushrooms. “Lutèce is a great asset, especially as Canning was not active in that segment,” says Dominiek Stinckens. With Lutèce now included, we own the world’s biggest canned mushroom producer. So our range has become even more diverse. The expertise within Lutèce also helps us to focus on health even more. At Canning we work hard to try to distil ingredients from mushrooms and use them in pastas, for example, instead of meat or to develop substitutes for traditional additives.”





We deliver high-quality products that
can be enjoyed at any time.

HORTICULTURE

Potting soil is the basis of everything.

It is the only non-food division in a big food group. “We might be the smallest part of the group, but we have earned our place and with our products and expertise we deliver major added value, for customers and for other divisions within Greenyard Foods.” A one-on-one about potting soil and more with Stefaan Vandaele, Managing Director of Horticulture.



FOR PROFESSIONALS AND HOBBYISTS

Horticulture develops substrates and organic growth media. “We have two target groups: professional growers and amateur gardeners,” says Stefaan Vandaele. For the former we used to concentrate on ornamental plant cultivation. We supplied potting soil for geraniums, petunias, chrysanthemums and Christmas roses. In recent years we’ve shifted our focus more towards vegetables, spices and fruit. We have more than a thousand different types of potting soil, prepared to the wishes of customers and based completely on the needs of the plant. The compost an orchid needs is different from what a strawberry plant requires. Young plants is another segment we have made great strides in. Consider a *Samolus floribundus* on a ball of potting soil or a mango plant, which is first sown and grown in potting soil before being planted in the earth. Lastly, we recently opened



up a new segment, urban greenery. Roof gardens, green facades, urban farming, living roofs and so on. It’s a booming business. In the second target group, the hobby market, most sales have traditionally been in potting soil for flower pots. But more people are now starting a vegetable garden. Growing your own vegetables and herbs is hip.

HORTICULTURE IN FIGURES



Turnover

€72.4 million euros



REBITDA

€9.2 million euros



Workforce

350



Stefaan Vandaele
MANAGING DIRECTOR OF HORTICULTURE

“The new merger group will further strengthen our leading position on the market”

The rising popularity of garden boxes at schools and homes is another lucrative trend we are responding to. Pesticides are increasingly being banished from gardens and sun lounges, so Horticulture has enlarged its range of products to include mulch (such as pine bark, cocoa pods and plant fibre). “As an ecological alternative, you could say.”



SUSTAINABLE SYNERGY

Horticulture has nine production sites in Europe (four in Poland, one in Latvia, two in Belgium and two in France), which produce an annual volume of 1.5 million cubic metres of potting soil and generate turnover of more than 70 million euros. “We are number one on our home markets France, Benelux and Poland,” says Stefaan Vandaele. “But we also export our potting soil to

54 countries around the globe, including Asia and South America.” The post-merger group can only strengthen that position. “For us this is just a new step in a natural development, from which all parties can benefit due to more efficient supply chain management (such as logistics and packaging). We are also investing in the development of innovative cultivation methods that allow growers to work in a more sustainable, profitable way: not in the earth but in mobile gutters, at shelf height, and locally, close to their market. Our R&D teams search for mixtures that reduce water consumption and increase plant resistance with a view to less waste and ecologically responsible cultivation. And we are examining how the right potting soil enables the cultivation of varieties with a fuller flavour. What it all boils down to is helping Greenyard Foods differentiate itself even more as a quality-conscious supplier that creates sustainable added value for everyone, from field to fork.”



Plants

9



Volume

1,500 ('000m³)



Export markets

54



GROW BAGS A BIG SUCCESS

Grow bags are an example of successful innovation. We have been working on that for quite a while in our division, but demand from the other divisions led to the project being fast-tracked,” says Stefaan Vandaele. “Our intention was to develop an alternative to growing tomatoes on rock wool. The rock wool had to be dumped after every cultivation or was simply ploughed in the field. The solution turned out to be biodegradable foil bags filled with biodegradable substrate. These grow bags remain in perfect condition during cultivation (one year) in the warm, humid environment of the greenhouse and biodegrade in six weeks. An additional advantage is that the tomato plants are much more resistant to crazy roots, a disease that affects up to 40 per cent of the Belgian tomato crop (and an even higher percentage in the Netherlands). So what began as a quest to reduce waste ultimately resulted in a better, tastier, more profitable product. Growers, retailers, consumers - everyone’s happy.”



“*Strawberries grown in trays filled with potting compost are better, tastier produce*”



CONTINUED ECONOMIC, SOCIAL AND ECOLOGICAL SUCCESS

Tackling the waste problem in households is another area where we have already gained ground. “People still throw a lot of fruit and vegetables away. Cultivation methods that improve the shelf life of produce are worth their weight in gold for a company like Greenyard Foods,” says Stefaan Vandaele. “Horticulture already contributes to that. For instance, lettuce on a block of potting soil has a longer shelf life than a regular cut cabbage lettuce. But we are also looking at how we could increase cultivation intensity so that the grower can sow more plants per square meter. To do that, we take crops out of the ground. Strawberries grown in trays filled with potting soil are better, tastier produce, for instance. It’s also easier to do, it cuts labour costs and is more environmentally friendly – water is captured and recycled. So, basically, by introducing new techniques we achieve economic, social and ecological advantages.



COMPLETING THE CIRCLE

It is clear that Horticulture plays a major role in the cultivation of tasty fruit and vegetables. “We lay the foundations for sustainable growth, but also want to offer added value at the end of the process. That’s why we have launched an efficient cradle-to-cradle project to help recover and recycle fruit and vegetable waste into potting soil. That completes the circle and proves that this little division can make a big difference with an eye to a healthy future,” says Stefaan Vandaele.





By investing a lot of energy into *increasing fruit and vegetable consumption* we help consumers recharge their batteries.

Innovation increases consumption

Innovation is the force that drives the company. So developing new products that match consumer tastes and encourage them to eat more fruit and vegetables is a priority in the divisions.

HORTICULTURE

FIRST GROW BAG VINE TOMATOES HARVESTED

The first vine tomatoes cultivated in Horticulture grow bags were harvested and delivered to retailers in the spring. The grow bags are an innovative cultivation concept. They are filled with potting soil with a high humus content, composed of sustainable organic material like moulds, bacteria and protozoa. Peltracom developed this

growing method as an alternative to planting in the soil. Grow bags are already being successfully used to cultivate tomatoes, paprika and cucumbers.

The organic substrate provides natural nutrients and better protection for the plants. It also enables optimal crop management, which contributes to the resistance of the plants and the flavour of the fruits. As a result, the grower can count on a fuller harvest and a higher yield. The environment also benefits, as the grow bag is fully compostable.



FROZEN

FRESHLY PREPARED FROM THE FREEZER: FROZEN SMOOTHIES

Frozen has launched a range of ready-made frozen smoothies to meet the demand for healthy, tasty and easy to prepare snacks. Four flavours were developed, based on red berries and exotic fruit and vegetable blends. Frozen's goal with the smoothies is to offer people more variety and inspiration between meals.



FRESH

DIY FRESH VEGGIE PACKS: INSPIRATION EVERY DAY

This innovative concept is a combination of fruit and vegetables, additional ingredients and recipes. It inspires consumers to prepare their own meals. DIY fresh veggie packs are all consumers need to make a meal, soup or dip with fresh produce. All packs come with a step-by-step recipe card and all the ingredients needed to prepare a meal for four people, ensuring minimal waste. The DIY fresh veggie packs have been developed in association with professional chefs.

“ Everything you need
in one pack, including
a recipe card - just
enough for four people,
so no waste ”



- Sustainability -

Constant focus on sustainable growth

Greenyard Foods works hard to supply the markets with healthy fruit and vegetables in all their forms. In terms of sustainability, we invest in the following three main areas: Sourcing, Supply Chain and Corporate Social Responsibility.

We are building towards a healthy future, whilst fostering nature.





1. SOURCING

GERMAN FRESH COMPANY WORKS IN A SUSTAINABLE WAY WITH FRUTA RICA GROWERS

Fruta Rica is a two-year project co-financed by IDH, the sustainable trade initiative to improve the sustainability of banana plantations in Ecuador. The project began in 2014 and ran until April 2016. The goal was to improve the knowledge of local farmers and so increase product quality. Located in Machala, southern Ecuador, Fruta Rica is mainly made up of small plantations. The German Fresh company worked with fifty or so growers who sell their fruit to the global Fresh company network through Fruta Rica. With the growers, the German Fresh company focused on water and soil management techniques, along with improving local social compliance standards.

DRONES MONITOR THE QUALITY OF FROZEN VEGETABLES.

Farmers now get hi-tech support from GPS signals, to show the best direction for their diggers, and from drones, which can check the condition of crops from large distances. Frozen started using the drones earlier this year to measure the reflected electromagnetic radiation of the plots by means of a sensor. The high-resolution optical sensors can show the variation in the crop and quality and quantity aspects in great detail. Problems with the crops that the naked eye would be unable to spot during checks, can now be seen on a

“Drones give growers better insight into the condition of their crops”

single photo. So diseases are identified much sooner, for instance, and more targeted action can be taken, only where the disease hits. Crop protection is minimised as a result.





HORTICULTURE AWARDED MPS CERTIFICATE FOR SUSTAINABLE POTTING SOIL

Horticulture was first on the market to obtain the MPS certificate for sustainably produced potting soil. Substrates with this certificate have a smaller ecological footprint. MPS certification is oriented to the sustainable extraction of natural resources and the composition of potting soil. All peat used by Horticulture already comes from peatland managed in accordance with the Code of Practice for Responsible Peatland Management. That means impact studies are conducted on the environment (people-planet) before the peatlands are taken into use. After use the peatlands are restored to their natural condition. At least 25% of the sustainable MPS-certified crop substrates consist of renewable natural resources like coconut fibre, bark, wood fibre and compost. Demands are also imposed on the organic origin of the fertilisers that are used.

2. SUPPLY CHAIN

CANNING CONTINUES TO INVEST IN WATER PURIFICATION

Canning has managed to drastically restrict water consumption for the production of canned food. Even so, around 750,000 cubic metres of water have to be purified every year. Canning has its own water purification system behind the production halls with enough capacity to serve a city of 150,000 inhabitants. Only the removal of sediment is still done directly at the front of the site, because the water can then be reused there. The whole process is closely monitored, also online. The system sends out a text message and an email in the event of the slightest irregularity. Announced external sampling is also conducted on a monthly basis as a further safety measure. Canning's water purification system is subject to constant improvement: thoroughgoing assessments are conducted every year and the company invests in new methods and techniques.



Canning division plant in Bree, Belgium

DUTCH FRESH COMPANY WORKS TO REDUCE FOOD WASTE

This company focuses on minimising waste and recycling any waste that is generated. By building long-term relationships with retailers and dedicated growers, the company is able to seamlessly match supply and demand. Through an innovative approach to packaging, product quality is ensured and shelf life maintained or even extended. That has enabled the company to drive down waste considerably. Rather than throwing away ‘ugly’

produce (products that are not suitable for the retail channel but are perfectly fit for consumption), the firm donates it to food banks in support of local and regional communities.

Our Dutch Fresh company has contributed to the ambitious goals of the Dutch government to reduce food waste by 20% between 2009 and 2015 and will continue to work to further reduce food waste throughout the supply chain by means of sustainable strategies.

“*Long-term relationships with retailers and growers help seamlessly match supply and demand*”

3. CORPORATE SOCIAL RESPONSIBILITY

WINGS FOR LIFE WORLD RUN 2016

All Greenyard Foods divisions (Fresh, Frozen, Canning and Horticulture) worldwide took part in the Wings for Life World Run. Sixteen Greenyard Foods companies took part in eight countries on 8 May 2016. A Greenyard Foods Global Running Team (126 participants) collected money for Wings for Life, an organisation whose mission is to find a cure for spinal cord injury.

The Wings for Life World Run is an annual event held in 34 countries on six continents. Anyone can take part. Rather than a traditional finishing line, the run uses a catcher car, which sets off at a slow pace half an hour after the start of the race, gradually picking up speed. All runners that are caught by the catcher car have to retire. That means all participants cover different distances, although they all run for the same goal.

Every participant raises money for Wings for Life. It's a global event in which participants run on behalf of those who no longer can. All registration fees go to the charity.



Our people

More than 8,000 employees in 25 countries work every day for the future growth of our group. The new Greenyard Foods offers favourable prospects in terms of synergy and cooperation between the various parties, in a climate of enterprise, passion, reliability, creativity and interaction.

A CULTURE OF SUSTAINABLE PERFORMANCE

We keep our people engaged by communicating with them in an open and clear way and giving consistent feedback on their performances. We also invest in the introduction of formal performance appraisals. Setting sustainable individual and group-based goals is another aspect in which we invest a lot. We hold regular team meetings at various locations to share information and encourage input from the rank and file.

TRAINING AND DEVELOPMENT

Our employees need the right skills to be able to implement our group strategy, provide high-grade service to customers and have opportunities to improve and develop. That's why we offer everyone in all divisions, including employees on temporary contracts, formal and informal training. The focus is very specifically on a healthy and safe working environment. We also arrange regular leadership trainings, as managers support their teams.

DIVERSITY AND INCLUSION

Our workforce is a reflection of social diversity: more than 80 nationalities work at the various Greenyard Foods divisions. We invest significantly in raising awareness of cultural differences among our employees and encourage them to work together in multicultural environments. Training in the local language contributes to improving understanding for local customs, the specific corporate culture and activities, as well as behaviour-related expectations.

FOCUS ON TALENT MANAGEMENT: THE RIGHT PERSON IN THE RIGHT PLACE

Recruiting the right people with the right skills and mindset is a priority in our human resources strategy.

A targeted employer branding campaign has significantly boosted the number of unsolicited applications and trainee requests. A small number of our own employees have become actively involved by sharing their experiences in the media and on the website. Young graduates are attracted by specific training programmes, enabling them to gain experience in various departments and disciplines.

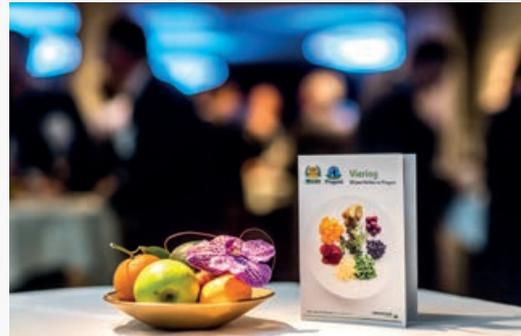
We also launched the NextGen programme for the third year running: young, talented people from 11 different countries work together for a year on strategic projects under the supervision of a coach. They learn to work as a team, to understand each other better, to overcome cultural differences and to see beyond the boundaries of their discipline. Fresh was already running the programme, but now it is being rolled out across the group, with mixed teams in all divisions.

CONTINUING TO LOOK FORWARD

In the coming years we will continue to examine ways to create synergies and strengthen our profile as an attractive employer. We continue to develop streamlined management systems and processes in the field of learning and development, performance management, talent policy, remuneration and perks, and operational excellence. We remain focused on professional service and stay true to our values. Lastly, we continue to work to create an environment in which new ideas can be developed and improvements can be proposed. All these efforts are the building blocks of a solid, performance-oriented organisation.

50 YEARS OF PINGUIN AND NOLIKO

Last year, Penguin and Noliko celebrated their fiftieth anniversary at Het Huis van de Toekomst. The management team met with the main stakeholders on this festive occasion.



“ We have set more challenging targets in the post-merger group, in HR too ”



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The Dutch version of this annual report is the only official version.
The English version is a translation of the Dutch original. The consolidated financial statements for the financial year ending 31 March 2016 are also available in English at www.greenyardfoods.com.
For comparison reasons, the numbers in this report are based on pro-forma unaudited management results as if Fresh and Horticulture would be included for 12 months in consolidation of Greenyard Foods.