

Greenyard announces its Transformation Plan unlocking large untapped potential for a healthy future

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Key Highlights

- In response to continuing market pressure, Greenyard announced today its Transformation Plan to shape the future Greenyard.
- The comprehensive and impactful Transformation Plan consists of immediate, short and longer term actions, both at group and divisional level. It enables Greenyard to accelerate the shift of its organisation to a partnership model (with Greenyard as vertically integrated partner for the retailers). Greenyard is making good progress in taking these partnerships to the next level and expects to announce further details in the coming months.
- A revitalisation of volumes and margins, a footprint rationalisation, improved cost management and operational excellence are the cornerstones of the Transformation Plan. The various initiatives will allow Greenyard to structurally benefit from its economies of scale derived from its pan-European footprint to strengthen its logistics, supply chain, with a focus on control over indirect spend, its core activities and an adapted organisation.
- The Transformation Plan is expected to deliver a REBITDA improvement of EUR 20m for AY 2019/2020 and EUR 44m of cumulative REBITDA improvement for AY 2020/2021, Greenyard expects to achieve REBITDA of over EUR 100m in AY 2020/2021, among others thanks to the Transformation Plan.
- As a result of the Transformation Plan, 422 jobs might potentially be impacted in 2019 over different countries, but primarily in Fresh in the United Kingdom and Germany, subject to the applicable information and consultation procedures. Greenyard will do its utmost best to give the affected employees the appropriate support.
- In addition to the above, Greenyard is expecting to yield cash proceeds in a range of EUR 50 to 75m from further divestments of non-core assets over the different segments with limited REBITDA loss. Greenyard will execute these divestments in a timely and diligent manner and has already initiated the first divestment projects.
- Greenyard is also exploring the option of a strategic divestment of its Prepared division with a view to a further deleveraging.
- The company has been working hard on its Transformation Plan and its different measures, which was recently shared with and positively welcomed by its relationship banks.
- In addition, Greenyard is in the midst of structuring towards a more solid balance sheet. The comprehensive solution includes an improved REBITDA, cash proceeds from further divestments and further funding options, such as equity, to deleverage to a desired level below 3.0x over the next three years.
- Lazard has been appointed as financial advisor to assist in finding an agreement with a cornerstone investor in connection with the raising of additional capital.

- Greenyard will inform the market of the progress made in due course.
- Greenyard is confident that its transformation will result in an improved commercial, operational and financial strength. Greenyard will evidently focus on its stringent execution in close collaboration between local and central management under the leadership of both co-CEOs. In this respect, both co-CEOs Hein Deprez and Marc Zwaaneveld are committed for the long term to execute Greenyard's recovery.
- Greenyard will host an investor call to further explain the Transformation Plan and its cornerstone elements. Such open investor call will be hosted at 11.30 pm CET. Persons interested to dial-in can do so by using the following link: [Greenyard Transformation Plan Conference Call](#) or telephone number: +32 2 342 07 47 (toll number) + 32 800 11 960 (toll-free number). Passcode 73345488#

Transformation Plan. In response to continuing market pressure, Greenyard has developed a comprehensive Transformation Plan. This plan tackles the challenges Greenyard has been facing, and which have led Greenyard to guide for a full year REBITDA of EUR 60-65m.

The Transformation Plan consists of immediate, short and longer term actions, both at group and divisional level. It will enable Greenyard to accelerate the shift of its organisation to a partnership model in which Greenyard positions itself as a vertically integrated partner for its customers, the retailers.

Greenyard intends to adapt its organisation to reflect this transformation. Revitalisation of volumes and margins, a rational footprint optimisation, improved cost management and operational excellence are the cornerstone of this model-shift which will result in a leaner organisation. The various initiatives will allow Greenyard to structurally benefit from its economies of scale derived from its pan-European footprint. They are expected to further strengthen its logistics, supply chain, with a focus on control over indirect spend, its core activities and an adapted organisation.

Greenyard is expecting the Transformation Plan to deliver a REBITDA improvement of EUR 20m for AY 2019/2020 and EUR 44m of cumulative REBITDA improvement for AY 2020/2021. Greenyard expects to achieve REBITDA of over EUR 100m in AY 2020/2021, among others thanks to the Transformation Plan.

Partnerships. To better face market challenges and seize new opportunities, Greenyard and its key customers have been revigorating the conversations regarding an innovative, vertically integrated partnership model.

A further implementation of this model will make Greenyard stronger, leaner and better able to protect its margin and market position. In the longer term, the partnership model will reduce waste, improve product quality and improve margins in the value chain, creating benefits for all.

Greenyard is making good progress in taking these partnerships to the next level and expects to announce further details in the coming months.

Transformation of Greenyard's organisation and staffing. Greenyard intends to adapt its organisation to reflect this transition and the new ways of working that come with it.

Unfortunately, 422 jobs will potentially be impacted by the Transformation Plan, spread over different countries, but primarily in Fresh in the United Kingdom and Germany. This will of course be subject to any applicable local information and consultation procedure. Greenyard will do its utmost best to give the affected employees the appropriate support.

Greenyard will investigate the possibility to transfer employees within the company from existing roles to new roles. Greenyard will treat diligently to ensure customer service levels will not be affected by this transformation.

A rational footprint optimisation. After years of intensive growth and expansion, Greenyard is solidifying its operational excellence by optimising, rationalising and consolidating its footprint and organisation.

Greenyard has identified a number of assets and locations in each of the divisions that are no longer essential to maintaining the service levels towards its customers, or no longer provide the required return on investment for the group. Greenyard is therefore taking the necessary steps to optimise the company's footprint. In this respect, in the short term, Greenyard intends to close or sell its Baja frozen plant in Hungary.

Improved logistics and supply chain management. Greenyard has identified multiple improvements in its supply chain. Greenyard will use its pan-European presence, scale and best practices to benefit from further economies of scale in the procurement and supply chain processes within the company.

It is therefore implementing an optimal leverage of the international road and naval transport flows by increasing its fill rates, optimising routing to result in combined loads and even consolidation of all of Greenyard's overseas volumes.

In addition, an increased productivity in its warehouses by smoothening processes and optimising internal product flows will ensure further efficiency gains and a decrease of overall waste levels.

Strong focus on core activities. In line with earlier communications, Greenyard is decisive in divesting non-core assets in both Fresh and Long Fresh segments that have a limited contribution to Greenyard's results. This will lead to cash optimisation in the short term.

Greenyard expects the total divestments of these non-core activities to result in a cash optimisation of EUR 50-75m versus a loss of annual REBITDA of less than EUR 5m. Greenyard will effectuate these divestments over the coming years in a strategic, timely and orderly manner.

Exploring the option of a strategic divestment of its Prepared division. Greenyard is also exploring the option of a strategic divestment of its Prepared division with a view to a further deleveraging of the company. Greenyard reconfirms that in the current circumstances, it will not explore a potential divestment of its other core divisions (Fresh and Frozen).

Financial Framework. The company has been working hard on its Transformation Plan and its different measures, which was recently shared and positively welcomed by its relationship banks.

In addition, Greenyard is in the midst of structuring towards a more solid balance sheet. The comprehensive solution includes an improved REBITDA, cash proceeds from further divestments

and further funding options, such as equity, to deleverage to a desired level below 3.0x over the next three years. In this respect, Greenyard has started conversations with a shortlisted number of potential cornerstone investors which have indicated interest to subscribe to the equity of Greenyard.

Lazard has been appointed as financial advisor to assist in finding an agreement with a cornerstone investor in connection with the raising of additional capital.

Greenyard will inform the market of further steps in due course.

Resulting in stronger market leadership. Greenyard is confident that the measures unlock a large untapped potential and will result in Greenyard underpinning and growing its market leadership with an improved commercial, operational and financial strength.

To do so, Greenyard will focus on a stringent execution of these measures with the support of its employees and other stakeholders in close collaboration between local and central management under the leadership of both co-CEOs. Both of which have committed themselves for the long term to execute Greenyard's recovery. Mr. Carl Peeters, Greenyard's COO, will leave the company after the transfer of his responsibilities, at the latest on 31 May. Greenyard thanks Mr. Peeters for his commitment and loyalty and wishes him all the best in his future career.

Hein Deprez, co-CEO said today:

"This year's extremely dry summer, the recall action beginning of the summer, but in particular, the continuing market pressure have called for important decisions.

After years of growing Greenyard, it is time to consolidate and to use our strength and scale to become an even closer partner to our customers. We want to remain the retail's strong and efficient partner, even stronger than today. A partner that is ready for the long term, together with its customer. Today, we are already making strong progress on these initiatives.

This also implies a transformation of the organisation. We believe that these measures are needed for a healthier future for Greenyard, its employees, its customers, its suppliers and its shareholders."

Marc Zwaaneveld, co-CEO said today:

"We believe Greenyard has a bright future. By driving a stringent execution of the Transformation Plan, we can unlock a large untapped potential that will significantly improve our efficiency and profitability. In addition, our analysis for a refocused footprint over all divisions will ensure that we continue to guarantee our customers the service levels they are used to, whilst optimising Greenyard by divesting those assets that are no longer essential and weigh on our cost structure.

For additional information, please contact Greenyard:

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About Greenyard

Greenyard (Euronext Brussels: GREEN) is a global market leader of fresh, frozen and prepared fruit & vegetables, flowers and plants. Counting Europe’s leading retailers amongst its customer base, Greenyard provides efficient and sustainable solutions to customers and suppliers through best-in-class products, market leading innovation, operational excellence and outstanding service.

Our vision is to make lives healthier by helping people enjoy fruit & vegetables at any moment, easy, fast and pleasurable, whilst fostering nature.

With more than 9,000 employees operating in 25 countries worldwide, Greenyard identifies its people and key customer and supplier relationships as the key assets which enable it to deliver goods and services worth ca. € 4 billion per annum.

www.greenyard.group