Press Release

Strong REBITDA growth with significant debt reduction

Sint-Katelijne-Waver, Belgium, June 6, 2017 - Greenyard (Euronext Brussels: GREEN) announced its FY results ending March 31, 2017

Highlights – FY ending March 31, 2017

- Sales[1] were up 7,1% YoY to € 4.249,2m. Growth came mainly from internal growth (5,3%) and M&A (2,7%) with FX being slightly negative (-1,0%):
    - Fresh' sales grew by 5,4% largely thanks to growth in the German and Dutch market
    - Long Fresh' sales were up 15,8% supported by internal sales growth (2,1%) and the incorporation of Lutèce (16,7%)
    - Horticulture sales were up 3,7%, mainly internal (3,1%)
- REBITDA[1] increased by 7,0% to € 145,7m. The improvement of € 9,5m is primarily driven by:
    - Fresh improved by € 3,8m thanks to top line growth in core markets and improved logistic operations partly offset by the lack of volumes in Q4, impacting operating leverage, and the UK operations
    - Long Fresh reported a strong improvement of € 4,9m driven by an improved portfolio management, mainly in Frozen, overall volume growth as well as efficiencies. This was slightly compensated by the adverse weather conditions and the ongoing price pressure in Prepared
    - Horticulture's profitability enhanced thanks to an improved product mix and continued cost focus, hereby lifting margins to 13,2%
- Net result came in at € 0,7m. Excluding one-off costs net adjusted result came in at € 21,9m. This translates into an EPS of € 0,02 and an adjusted EPS of € 0,51
- Net financial debt (NFD) dropped by € 58,7m YoY to € 324,2m. This translates into a leverage of 2,2x, down from 2,8x last year and 2,7x in September 2016. The improvement was driven by operational cash flow as well as a reduction in working capital. Moreover, a significant part of the share buyback program, announced in March, resulting in a repurchase for a total consideration of € 16,4m, is included in this number
- The realised cash tax savings amounted to € 1,3m
- In December of last year, Greenyard realised a refinancing which is anticipated to save more than € 15m per annum
- Greenyard's Board proposes to keep the dividend stable at € 0,20/share

CEO Marleen Vaesen looks back on a fruitful year 2016/2017:

'Greenyard had a healthy performance with strong sales and REBITDA growth, which was realised in its core markets and with the acquisition of Lutèce. Moreover, the balance sheet improved with a significant drop in net financial debt, improvements in working capital and interest costs savings. Combined with the increased REBITDA, leverage decreased as well. This was achieved including the one off costs of the refinancing. The latter was realised with the launch of a convertible bond combined with bank debt and will annually save at least € 15m in interest costs.

We continue to focus on our strategic priorities to drive profitable growth. We aligned the group behind a common mission, vision and values and one single company name, Greenyard. We launched a number of projects to propel future top line growth and reduce our cost base going forward. In Fresh, new distribution centers have been built in Germany, Belgium and the US. In Frozen, a new factory became operational in Poland. In Prepared we invest in the integration of Lutèce. We also put in place the right organisation to realise cost synergies. Importantly, we strengthened corporate HR to drive talent development hereby realising future growth.

To conclude, we are confident Greenyard has the right strategy and priorities in place to generate profitable growth and strengthen further our position as a global leader of fruit & vegetables in all its forms.'

Figure 1 – Key financials

(in € million)	FY 15/16 [1]	FY 16/17	YoY
Sales	3.967,3	4.249,2	7,1%
REBITDA	136,2	145,7	7,0%
REBITDA margin %	3,4%	3,4%	
Net result	17,0	0,7	-95,9%
Earnings per share	0,38	0,02	-95,8%
Adjusted net result		*21,9*	
NFD	382,9	324,2	-15,3%
NFD/ REBITDA	2,8	2,2	

Segment review

1 – Fresh

Figure 2 – Sales & REBITDA evolution

(in € million)	FY 15/16 [1]	FY 16/17	YoY
Sales	3.248,8	3.425,8	5,4%
REBITDA	75,4	79,2	5,1%
REBITDA margin	2,3%	2,3%	

Top line of Fresh grew by 5,4% with an internal growth of 6,0%. This growth is driven by strong performances in the German and Dutch markets. Growth markets showed a mixed picture. The UK was impacted by the Brexit, resulting in a difficult retail pricing environment. France and the US, however, continued to grow ahead of Fresh' overall sales growth.

The slowdown compared to H1 is mainly explained by the cold weather conditions in Q4, resulting in shortage of produce. As was the case in H1, pricing continued to contribute positively, with ongoing strong product mix improvements, driven by robust demand in exotics, Ready-To-Eat and mixes. Volumes were in negative territory due to the shortages in Q4.

REBITDA grew by 5,1% with flat margins at 2,3%. The improvement of € 3,8m is driven by the German and Dutch market and the ongoing improvement in the logistic operations. However, this was compensated by the Q4 shortages. Also the UK retail price and margin pressure impacted margins, mainly during Q3 and Q4.

2 – Long Fresh

Figure 3 – Sales & REBITDA evolution

(in € million)	FY 15/16	FY 16/17	YoY
Sales	646,1	748,3	15,8%
REBITDA	51,6	56,5	9,6%
REBITDA margin	8,0%	7,6%	

Long Fresh realised a strong top line growth largely driven by the acquisition of Lutèce, which was acquired March 31, 2016. The consolidation of Lutèce lifted sales by almost 17%. Internal growth contributed positively to top line (+2,1%) mainly driven by an improved price/mix. Price/mix continued to be driven by the Frozen operations whereas the pricing environment in Prepared improved but still contributed negatively. The impact of currencies was negative (-3,0%), explained by the weakening of the GBP.

After a slight drop in H1, REBITDA improved materially in H2 (+23,4%) resulting in a FY rise of almost double digit. The increase is the result of ongoing improvements in product mix (mainly Frozen), enduring cost efficiencies, a recovery of the situation in Moréac and the contribution of Lutèce. This was somewhat compensated by difficult production yields (adverse weather) as well as the above-mentioned price pressure within Prepared.

3 – Horticulture

Figure 4 –Sales & REBITDA evolution

(in € million)	FY 15/16 [1]	FY 16/17	YoY
Sales	72,4	75,1	3,7%
REBITDA	9,2	9,9	7,7%
REBITDA margin	12,8%	13,2%	

Whereas sales in H1 dropped by 2,5%, this was more than compensated by a strong H2 (+10,3%) lifting FY sales by 3,7%. The majority of this growth is internal (3,1%), driven by ongoing strong demand for new, innovative products combined with growth in Poland and Belgium. In H2, Horticulture significantly expanded its sourcing thanks to the acquisition of Nesterovskoye in Russia, aimed at securing future growth. This acquisition impacted top line by 0,6%.

REBITDA increased by 7,7% whereby the margin improved by 40bps to 13,2%. The drivers of this improvement are an enhanced product mix, lower transportation and ongoing tight cost control.

Non-recurring items

Figure 5 – Non-recurring items from operating activities

(in € million)	FY 15/16 [1]	FY 16/17	YoY
Restructurings & write-offs	-3,2	-5,8	-2,6
Mergers & acquisition costs	-6,1	-0,9	5,2
Lutèce badwill	18,0	0,0	-18,0
Claims	-4,0	0,0	4,0
Other	-1,3	-1,6	-0,3
Total Non-recurring items	**3,4**	**-8,2**	**-11,6**

Non-recurring items amounted to € -8,2m compared with a positive € 3,4m last year explained by the badwill of Lutèce. As such, the impact on EBIT is significant YoY with a € -11,6m swing factor. The main constituents within restructurings & write-offs relate to the centralisation of the Fresh Direct activities, part of Fresh, in Sint-Katelijne-Waver, announced in April of last year. The remainder relates to other non-recurring operational items.

Net finance income / (costs)

Figure 6 – Net finance income / (costs)

(in € million)	FY 15/16[1]	FY 16/17	YoY
Interest expenses (including IRS & FV adjustments)	-43,7	-61,5	-17,8
- Interest expenses, factoring, IRS	*-43,6*	*-36,6*	*7,0*
- FV adjustments, high-yield bond penalty	*0,0*	*-24,9*	*-24,9*
MTM & Exchange gains /(losses)	-5,8	-4,6	1,2
Other financial charges (including amortisation)	-6,2	-6,4	-0,2
Net financial income / (costs)	**-55,7**	**-72,5**	**-16,8**

The underlying interest savings amount to € 7,0m YoY. From this savings, € 3,9m is related to the refinancing (see below). The remaining € 3,1m is linked to savings as a result of a lower debt level.

Total interest expenses, however, rose by € 17,8m YoY. This increase is entirely explained by one-off costs related to the refinancing. This impact amounts to € 24,9m split between:

- € 11,3m related to the early-repayment penalty for the high-yield bond.
- € 13,6m fair value adjustment of the convertible bond. This is the result of the firm increase in the share price, triggering a significant increase in the option value embedded in the Convertible Bond.

Greenyard's refinancing

In December 2016 Greenyard refinanced its outstanding high-yield bond (€ 285m) and existing credit facilities (€ 263m) with a € 125m convertible bond, carrying a coupon of 3,75%, and € 375m bank financing. The latter is split into a € 150m term loan and a € 225m RCF.

As a result, the average annual interest cost is expected to drop to 3,5% vs. 6,3% previously, hereby saving more than € 15m per annum with a one-off cost of € 18m. Moreover, the new financing lines lift Greenyard's average maturity to 4,4 years.

Income taxes & Net result

Figure 7 – Income taxes and net result

(in € million)	FY 15/16 *	FY 16/17	YoY
Profit before taxes	29,4	0,8	-28,6
Income tax expense / (income)	-12,4	-0,1	12,3
Net result	**17,0**	**0,7**	**-16,3**
Net result - part of the Group	**16,7**	**0,9**	
One-off refinancing costs		24,9	
Income tax @ 33,99% **		-3,8	
Net result - part of the Group, excluding one-off refinancing costs		**21,9**	

* FY 15/16 only includes 9,5 months of Fresh & Horticulture - as such, the period cannot be compared with FY 16/17
** Tax rate applicable on € 11,3m high-yield bond penalty whereas fair value adjustment on convertible bond is exempt

The corporate tax charge amounts to € 0,1m. This translates into a consolidated tax rate of 9%. This low tax rate is driven by one-off tax benefits as a result of streamlining the corporate structure as well as structural improvements towards a lower ETR.

Net result shows a significantly drop YoY to € 0,7m, mainly explained by the one-off costs of € 24,9m related to the refinancing. Excluding these exceptional items and applying the corporate Belgian tax rate adjusted net result came in at € 21,9m.

Financial position

Cash flow

Figure 8 - Cash flow statement

(in € million)	FY 15/16 *	FY 16/17	YoY
EBIT	73,2	73,4	0,2
Adjustments mainly for non-cash items	34,4	54,4	20,0
Increase (-)/decrease in working capital	126,1	74,6	-51,5
Taxes paid	-15,5	-10,2	5,3
Cash flow from operating activities	**218,3**	**192,2**	**-26,1**
CAPEX (incl. subs. & associates)	-61,5	-49,9	11,6
Disposals (incl. subs. & associates)	16,4	6,9	-9,5
Cash flow from investing activities	**-45,0**	**-43,0**	**2,0**
Use / Repayments (-) on borrowings	-45,3	-85,9	-40,6
Interest & finance income / expenses (-)	-32,8	-64,1	-31,3
Capital increase	25,6	0,0	-25,6
Dividends paid	0,0	-8,9	-8,9
Share buyback program	0,0	-16,4	-16,4
Cash flow from financing activities	**-52,5**	**-175,4**	**-122,9**
FX effect	-3,2	1,0	4,2
NET CHANGE IN CASH	**117,6**	**-25,2**	**-142,8**

* FY 15/16 only includes 9,5 months of Fresh & Horticulture - as such, the period cannot be compared with FY 16/17

The cash flow statement shown above is on a consolidated basis. As such, the evolution cannot be compared with last year - Key elements:

- Cash flow from operating activities remained at a high level, despite last year's impact of Fresh as it carries a significant negative working capital. The limited drop, from a high level last year, is thanks to a solid operating profit, higher adjustment for non-cash items and significant decline in working capital (see "Working capital"). The important drop of the taxes paid is the result of the efforts to improve our tax rate.
- Cash flow from investing activities is, despite full consolidation, slightly lower as CAPEX is down YoY, mainly due to timing (see "CAPEX" below).
- Cash flow from financing activities deteriorated significantly due to the refinancing costs (€ 18m cash-out), full consolidation effect, first time dividend and share buyback program.

CAPEX

Total CAPEX reached € 49,9m, representing a decline of € 11,6m YoY. The largest part of spending related to capacity expansion followed by maintenance capex and efficiency-related investments:

- Within Fresh, the decline was in line with the group CAPEX drop explained by phasing, which is expected to lead to a rise in FY 17/18. Investments relate mainly to maintenance as well as expansion into new cooling and ripening equipment. The bulk is spent in the core regions, being Germany, the Netherlands and Belgium (centralisation of Fresh Direct' operations).
- Long Fresh witnessed a very strong decline YoY but this is mainly due to the timing of investments with a firm catch-up expected in FY 17/18.
- Horticulture's CAPEX was stable as the segment has returned to its normal cycle.

Net financial debt

Net financial debt on March 31, 2017 amounted to € 324,2m, which implies a YoY drop of € 58,7m or a decline of 15,3%. In combination with the rise in REBITDA, net financial debt/REBITDA dropped significantly to 2,2x, which compares to 2,7x in H1 and 2,8x in March 31, 2016.

The YoY drop is a strong achievement as Greenyard continues to make significant investments, the refinancing triggered important one-off cash-outs (€ 18m in total) as well as the share buyback resulting in a € 16,4m impact. Excluding the buyback, net financial debt would have landed at € 307,8m representing a drop of € 75,1m YoY.

Working capital

Working capital dropped to -€ 139,1m vs. -€ 68,1m last year. This implies that the working capital on sales ratio improved to -3,3% vs. -1,7% last year. The 160 bps increase is mainly explained by the firm rise in factoring (>100 bps). At year-end, factoring amounted to € 405,4m, which entails an increase of € 46,9m compared to last year.

Outlook statement

The Board of Directors and management consider that Greenyard continues to be well positioned to deliver profitable growth and to unlock the synergy potential of the business combination going forward.

Subsequent events

Between March 31, 2017 and June 6, 2017 no significant events occurred.

Change in consolidation perimeter

The parent company of the Group is Greenyard, Sint-Katelijne-Waver, Belgium. The subsidiaries and associates of the Group as per March 31, 2017 are the same as presented in the annual report as per March 31, 2016 apart from:

- On July 28, 2016 Greenyard acquired a minority stake of 30% in a JV with Bardsley Farms Ltd, a UK premium apple and fruit producer.
- On September 2, 2016 Greenyard divested its stake in H-Pack and H-Fruit.
- On November 26, 2016 Greenyard purchased 84,7% in Nesterovskoye PSC, expanding Horticulture's peat inventory.

Declaration of the auditor

The auditor confirms that the audit, which is substantially completed, did not reveal any significant adjustments to the financial information included in the press release. Unless the circumstances would change, the auditor expects to issue an unqualified opinion.

Financial calendar

- Q1 trading update 2017/2018	August 29, 2017 – after market
- AGM	September 15, 2017 – 14.00h
- H1 2017/2018	November 21, 2017 – after market

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About Greenyard

Greenyard (Euronext Brussels: GREEN) is a global market leader of fresh and prepared fruit & vegetables, flowers, plants and growing media. Counting Europe's leading retailers amongst its customer base, the group 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 € 4,25 billion per annum.

www.greenyard.group

Disclaimer

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Glossary

EBIT	Operating result
REBITDA	EBIT corrected for depreciation, amortisation and impairments excluding non-recurring items and EBIT corrected for depreciation, amortisation and impairments from minor divested operations.
Leverage	Net financial debt/ REBITDA
Non-recurring items	Non-recurring items are those that in management's judgment need to be disclosed by virtue of their size or incidence. Transactions which may give rise to non-recurring items are principally restructuring activities, impairments, gains or losses on disposal of investments and on IFRS 3 acquisition accounting.

[1] For comparison reasons, the FY 15/16 numbers in this press release are based on pro-forma unaudited management results on all levels of the P&L unless otherwise stated as if Fresh and Horticulture were fully included in FY 15/16.

APPENDIX 1: Consolidated income statement

Consolidated income statement (in € million)	FY 15/16	FY 16/17
Sales	3.203,2	4.249,2
Cost of sales	-2.968,8	-3.942,9
Gross profit/loss (-)	**234,4**	**306,3**
Selling, marketing and distribution expenses	-72,9	-97,3
General and administrative expenses	-108,7	-135,8
Other operating income	8,2	8,9
Share of profit/loss (-) of equity accounted investments	-0,6	-0,5
EBIT before non-recurring items *	**60,4**	**81,6**
Non-recurring items from operating activities	12,8	-8,2
EBIT	**73,2**	**73,4**
Interest expense	-36,6	-50,1
Interest income	1,7	1,8
Other finance result	-8,9	-24,3
Net finance income / cost (-)	**-43,8**	**-72,6**
Profit/loss (-) before income tax	**29,4**	**0,8**
Income tax expense (-)/income	-12,4	-0,1
Profit/loss (-) for the period	**17,0**	**0,7**
Attributable to:		
The shareholders of the Group	16,7	0,9
Non-controlling interest	0,3	-0,2

* EBIT before non-recurring items can be reconciled to REBITDA, by adding mainly depreciation and amortisation cost

APPENDIX 2: Consolidated statement of financial position

ASSETS (in € million)	FY 15/16	FY 16/17
NON-CURRENT ASSETS	1.286,2	1.265,2
Property, plant & equipment	380,9	376,0
Goodwill	589,9	591,9
Other intangible assets	249,7	238,5
Biological assets	21,1	20,4
Other financial assets	0,2	0,2
Investments in joint ventures	7,1	9,0
Deferred tax assets	10,9	22,6
Trade and other receivables	26,4	6,7
CURRENT ASSETS	800,3	725,5
Biological assets	0,1	0,1
Inventories	293,6	296,2
Trade and other receivables	360,9	313,9
Other financial assets	7,8	2,0
Cash and cash equivalents	137,9	113,2
TOTAL ASSETS	2.086,5	1.990,7

EQUITY AND LIABILITIES (in € million)	FY 15/16	FY 16/17
EQUITY	**728,3**	**706,2**
Issued capital	288,4	288,4
Share premium and other capital instruments	317,9	317,9
Consolidated reserves	114,7	91,3
Cumulative translation adjustments	-4,4	-2,9
Non-controlling interests	11,7	11,6
NON-CURRENT LIABILITIES	**534,9**	**517,7**
Employee benefit liabilities	21,6	21,2
Provisions	11,4	8,9
Interest-bearing loans	450,3	410,5
Other financial liabilities	4,4	28,6
Trade and other payables	1,1	1,1
Deferred tax liabilities	46,2	47,5
CURRENT LIABILITIES	**823,3**	**766,7**
Provisions	6,2	0,9
Interest-bearing loans	72,7	8,4
Other financial liabilities	3,6	0,8
Trade and other payables	740,8	756,6
TOTAL EQUITY AND LIABILITIES	**2.086,5**	**1.990,7**

APPENDIX 3: Reconciliation working capital and net financial debt

Reconciliation working capital (in € million)	31 March 2017 As reported	31 March 2017 Reconciliation	31 March 2017 Total
Inventories	296,2	-	296,2
Trade and other receivables (non-current/current) (1)	320,6	-7,4	313,2
Trade and other payables (2)	-756,6	8,1	-748,5
Working capital			**-139,1**

(1) Long-term (financing) receivables (€ 6,9m) and accrued interest income (€ 0,5m) are excluded from the reported working capital.

(2) Accrued interest expenses (€ 8,1m) are excluded from the reported working capital

Reconciliation net financial debt (in € million)	31 March 2017 As reported	31 March 2017 Reconciliation	31 March 2017 Total
Cash and cash equivalents	-113,2	-	-113,2
Interest-bearing loans (non-current/current) (3)	418,9	18,6	437,5
Net financial debt			**324,2**

(3) Net capitalised transaction costs related to the refinancing (€ 7,2m) and net value of the conversion bond option at inception after amortisation (€ 11,5m) are added back in order to present the nominal amounts of drawn financing as part of the reported net financial debt