

# AY 2015/2016 – H1 results

Analyst call - December 15, 2015

- **WELCOME**
- And thank you
  - For participating in this web-conference, and
  - For your interest in our Company
- This analyst call is hosted by
  - Marleen Vaesen - CEO
  - Koen Sticker – CFO
  - Valerie Vanhoutte - CFD
- Please
  - Put your phone on mute, and
  - Hold questions till the end of the presentation

# Operational highlights

- Successful closing of business combination with UNIVEG and Peatinvest

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- Since the merger on June 19, 2015:
  - Management is progressing well on the integration plan
  - A clear roadmap with strategic initiatives to unlock synergies and top line growth is being developed
  - Financial reporting alignment has been attained
  - Corporate offices have been integrated

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  - Corporate offices have been integrated
- Fresh
  - Performed in line with expectations
  - Successfully managed to grow sales by regaining market share after discontinuation of an important customer (annual sales in excess of €300 million)
  - Demonstrating the robust nature of the Fresh business model

# Operational highlights (continued)

- Other surpassed expectations as a result of
  - Good peat harvests
  - Improved efficiencies
  - Tight cost control

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  - Strong competition
  - Above average inventory levels in Europe
  - Price pressure
  - Cost overruns from operational transition due to ERP implementation

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  - Strong competition
  - Above average inventory levels in Europe
  - Price pressure
  - Cost overruns from operational transition due to ERP implementation
- In line with the strategy to foster partnerships with leading growers and grower organizations, a joint venture with Veiling Haspengouw was concluded in August 2015, providing the Group with access to local fruit and innovative club varieties



# Strategic priorities

- Growth through 'Consumer focus' and 'Customer Intimacy'
- Further improve operational efficiency
- Improve free cash flow
- Further streamline and increase the efficiency of the organization

# Financial highlights

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- REBITDA down by 14,9% to € 72,5 million
- Fresh and Other REBITDA broadly in line with last year
- The decrease in REBITDA is mainly driven by Prepared
  - Exceptionally good operational result in the first half of last year
  - Deferred recognition of results in the second half of the accounting year
  - Cost overruns on ERP implementation in the Group's operation in France
  - Above average stock levels in Europe, challenging and competitive market conditions necessitating lower processing volumes and leading to price pressure

# Financial highlights (continued)



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- Solvency of 35,9%



# Basis of preparation – Change in consolidation perimeter

- On June 19, 2015, the business combination between Greenyard Foods, UNIVEG and Peatinvest was successfully closed through the contribution of 100% of the shares of UNIVEG and Peatinvest against newly issued Greenyard Foods shares
- According to IFRS 3, the Company has a period of one year to finalise the purchase price allocating. Greenyard Foods has included all possible fair value measurements to the maximum extent at September 30, 2015
- However, it is possible that further measurements will be included before year-end based on subsequent information
- On August 28, 2015, a JV was concluded with Veiling Haspengouw, comprising the acquisition of 50.01% shares of H-Fruit and 50.00% shares of H-Pack respectively. Both companies are accounted for using the equity method



# Basis of preparation – Pro-forma like-for-like financials



- The consolidated balance sheet includes both UNIVÉG and Peatinvest as of June 19, 2015
- The consolidated income statement for H1 2015/2016 includes
  - Six months of Greenyard Foods ('Prepared')
  - Three and a half months of UNIVÉG ('Fresh') and Peatinvest ('Other') respectively
- The reported consolidated income statement for H1 2014/2015 only includes six months of Prepared.
- Pro-forma unaudited management results ('LFL') were prepared for comparison purposes, as if the management results for the continued operations of UNIVÉG and Peatinvest are included in six months in both comparative periods

# Basis of preparation – Change in presentation of the income statement

- The presentation of the income statement changed from a presentation by nature to one by function:
  - Reclassification of write-off on receivables and inventory and change in provisions from REBIT to REBITDA (+€1.0 million in H1 AY 15/16 and -€1.0 million REBITDA in H1 AY 14/15 respectively)
  - Reclassification of factoring fees from financial result to REBITDA (-€0.1 million in H1 AY 15/16 and H1 AY 14/15 respectively)
- The above changes are reflected in 'Restated REBITDA', and will be consistently applied going forward and in this presentation
- The reclassification of the factoring fees as mentioned above also result in a REBIT and EBIT effect

# Consolidated key financials H1 AY15/16



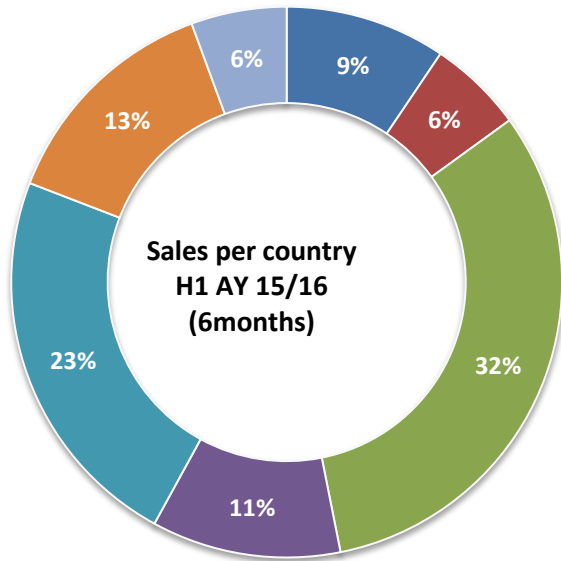
(In € million)	H1 AY15/16	H1 AY14/15
Sales	1.212,1	297,6
REBITDA	50,9	39,0
<i>REBITDA %</i>	4,2%	13,1%
REBITDA restated	51,8	37,9
<i>REBITDA restated %</i>	4,3%	12,7%
REBIT	27,5	22,8
EBIT	23,6	22,6
Financial result	-18,1	-4,1
Profit/(loss) before taxes	5,7	18,5
Net Result	0,0	14,3
(In € million)	H1 AY15/16	H1 AY14/15
Equity	716,9	226,5
Net debt	415,4	239,6

# LFL (\*) key financials H1 AY 15/16

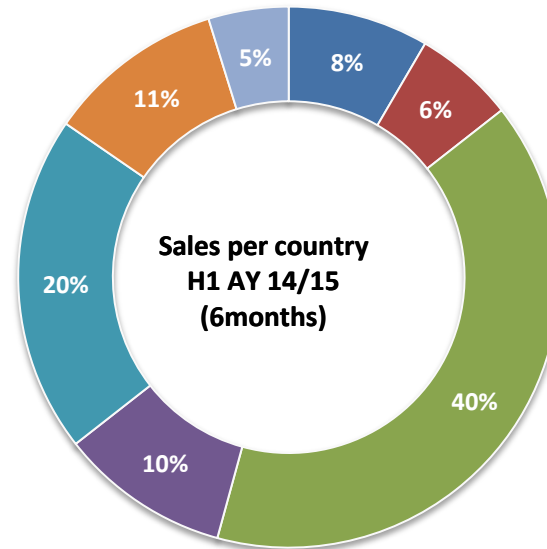
(In € million)	LFL H1 AY 15/16	LFL H1 AY 14/15	% Change
Sales	1.975,6	1.947,1	1,5%
REBITDA	71,6	86,3	-17,0%
<i>REBITDA margin %</i>	3,6%	4,4%	
REBITDA restated	72,5	85,2	-14,9%
<i>REBITDA restated margin %</i>	3,7%	4,4%	
REBIT	41,9	53,9	-22,3%
EBIT	29,7	53,5	-44,6%
Financial result	-26,8	-23,2	+15,6%
Net result	2,2	23,1	-90,7%
Net debt	415,4	492,4	-15,6%

(\*) Tefer to the basis of preparation for defintion of LFL

# Consolidated sales by country H1 AY 15/16

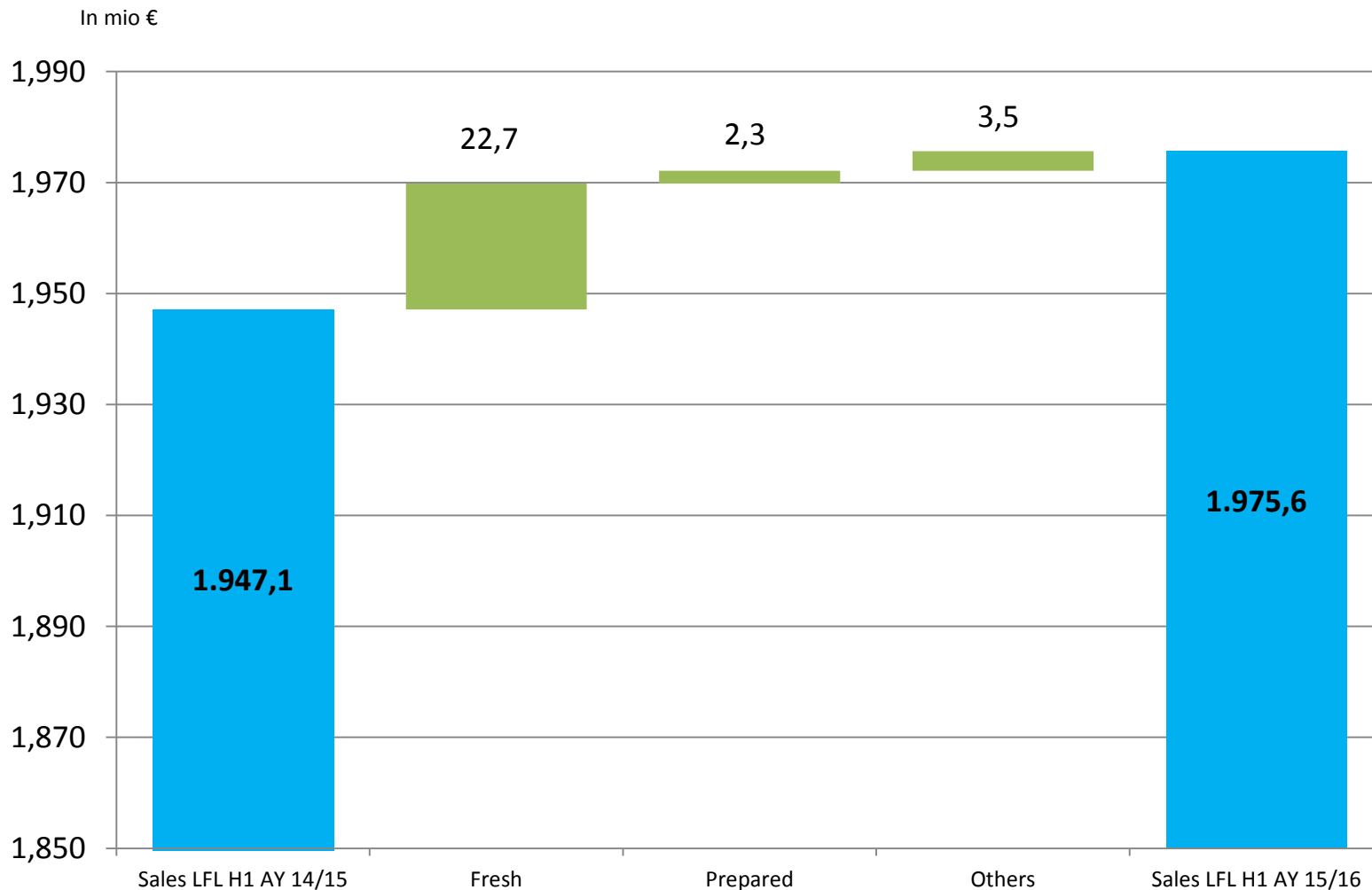


- United Kingdom
- France
- Germany
- Belgium
- The Netherlands
- Other EU-countries
- Other

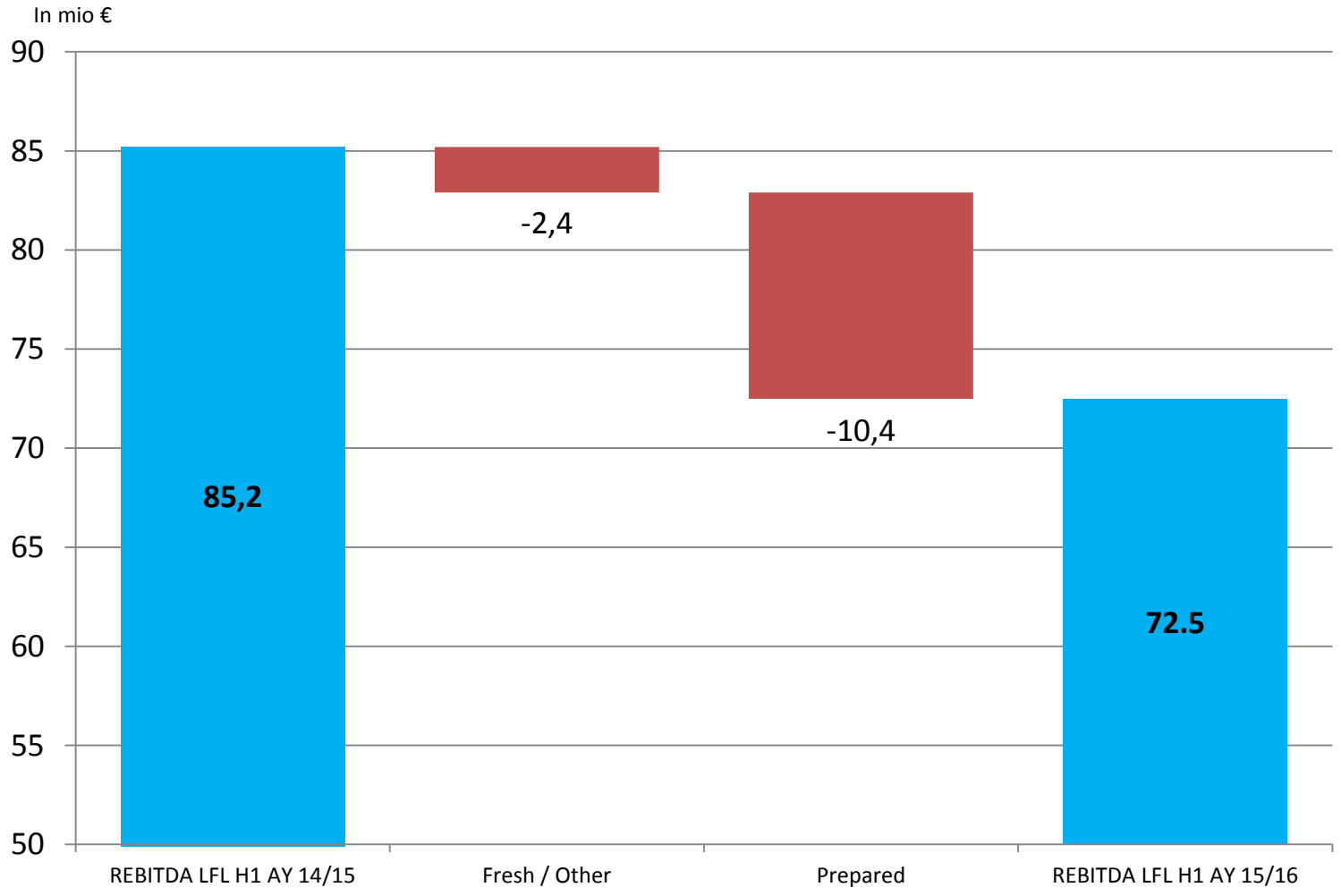


- United Kingdom
- France
- Germany
- Belgium
- The Netherlands
- Other EU-countries
- Other

# LFL sales bridge H1 AY 15/16



# Consolidated LFL REBITDA bridge H1 AY15/16 **GREENYARD FOODS**



# Fresh - Key financials

Fresh segment (in € million)	REPORTED H1 AY 15/16	REPORTED H1 AY 14/15	LFL H1 AY 15/16	LFL H1 AY 14/15	% Change
Sales	898,5	0,0	1.638,5	1.615,8	1,4%
REBITDA	23,6	0,0	40,8	44,1	-7,4%
REBITDA %	2,6%		2,5%	2,7%	
REBIT	16,5	0,0	28,0	30,3	-7,4%

- Sales – Key observations:
  - 82,9% of consolidated management sales
  - 1,4% increase vs last year
  - Volume growth with key customers and price increase in a number of categories more than offset the discontinuation of an important customer (annual sales in excess of €300 million)
  - Illustrates robust nature of the Fresh business model and the Company's flexibility to rebalance flows within the existing customer base



# Fresh - Key financials (continued)

Fresh segment (in € million)	REPORTED H1 AY 15/16	REPORTED H1 AY 14/15	LFL H1 AY 15/16	LFL H1 AY 14/15	% Change
Sales	898,5	0,0	1.638,5	1.615,8	1,4%
REBITDA	23,6	0,0	40,8	44,1	-7,4%
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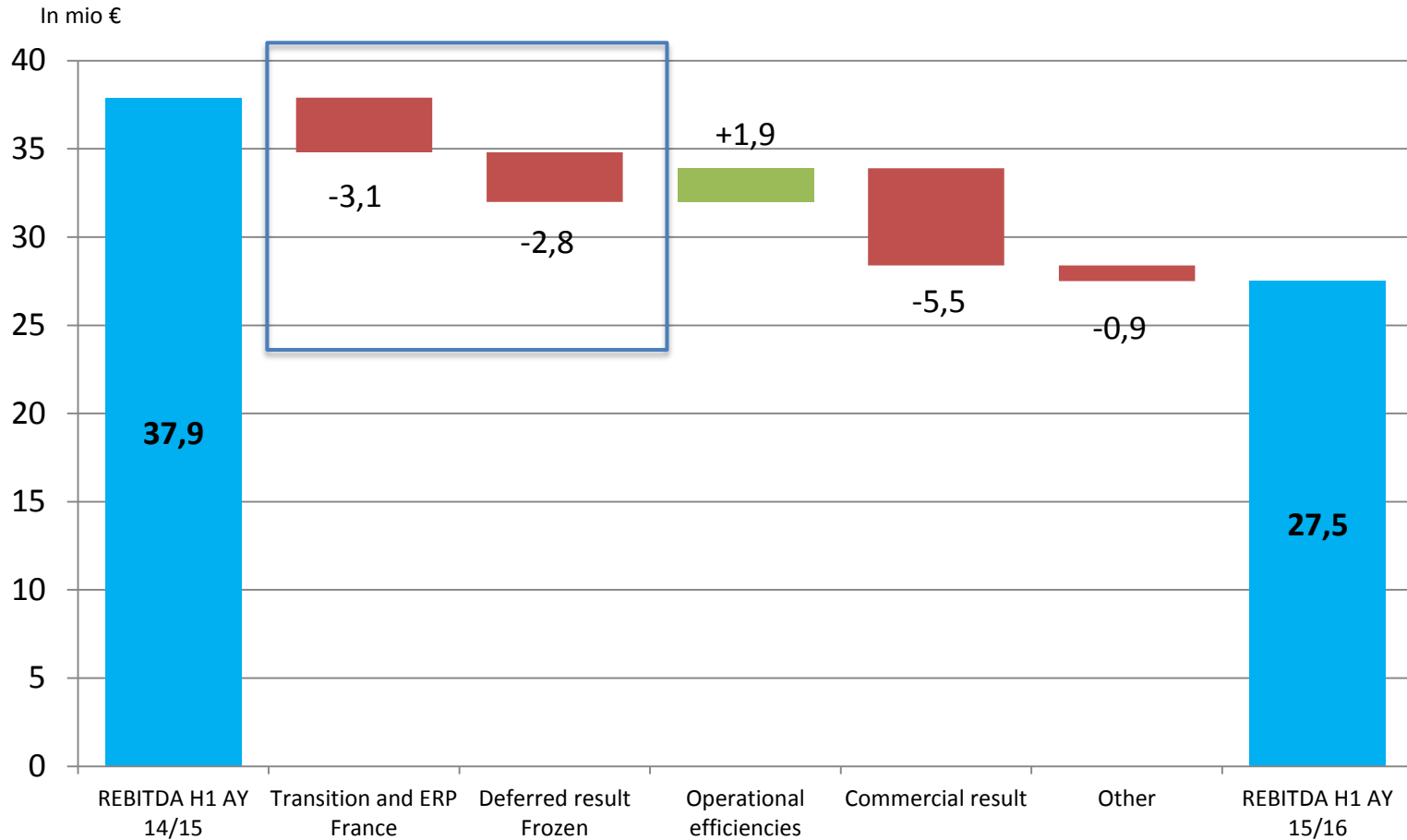
- REBITDA – Key observations:
  - -€3,3 million or -7,4% vs last year
  - Change in customer portfolio, and temporary lower efficiencies in the distribution centers associated therewith
  - Product mixes in certain key markets
  - Higher costs ensuring industry leading quality standards

# Prepared - Key financials

Prepared segment (in € million)	REPORTED H1 AY 15/16	REPORTED H1 AY 14/15	LFL H1 AY 15/16	LFL H1 AY 14/15	% Change
Sales	299,9	297,6	299,9	297,6	0,8%
REBITDA	26,7	39,0	26,7	39,0	-31,7%
<i>REBITDA %</i>	8,9%	13,1%	8,9%	13,1%	
REBITDA restated	27,5	37,9	27,5	37,9	-27,4%
<i>REBITDA restated %</i>	9,2%	12,7%	9,2%	12,7%	
REBIT	12,2	22,8	12,2	22,8	-46,5%

- Sales – Key observations
  - 15,2% of consolidated management sales
  - Increase of 0,8% vs last year
  - Mainly driven by volume growth and product mix variances
- REBITDA - -€10,4 million or -27,4% vs last year (refer to next slide)

# Prepared - REBITDA bridge



# Other - Key financials

Other segment (in € million)	REPORTED H1 AY 15/16	REPORTED H1 AY 14/15	LFL H1 AY 15/16	LFL H1 AY 14/15	% Change
Sales	13,8	0,0	37,2	33,7	10,5%
REBITDA	0,7	0,0	4,1	3,2	28,3%
<i>REBITDA %</i>	4,8%		11,1%	9,6%	
REBIT	-1,2	0,0	1,7	0,6	156,6%

- Sales – Key observations
  - 1,9% of consolidated management sales
  - Significant increase of 10,5% vs previous year

## Other - Key financials (continued)

Other segment (in € million)	REPORTED H1 AY 15/16	REPORTED H1 AY 14/15	LFL H1 AY 15/16	LFL H1 AY 14/15	% Change
Sales	13,8	0,0	37,2	33,7	10,5%
REBITDA	0,7	0,0	4,1	3,2	28,3%
<i>REBITDA %</i>	4,8%		11,1%	9,6%	
REBIT	-1,2	0,0	1,7	0,6	156,6%

- REBITDA
  - +€0,9 million or +28,3% vs last year
  - Good peat harvests
  - Increased operating efficiencies
  - Tight cost control
- Reported REBIT of €-1,2 million driven by seasonality

# Reported non-recurring elements H1 AY 15/16

(in € million)

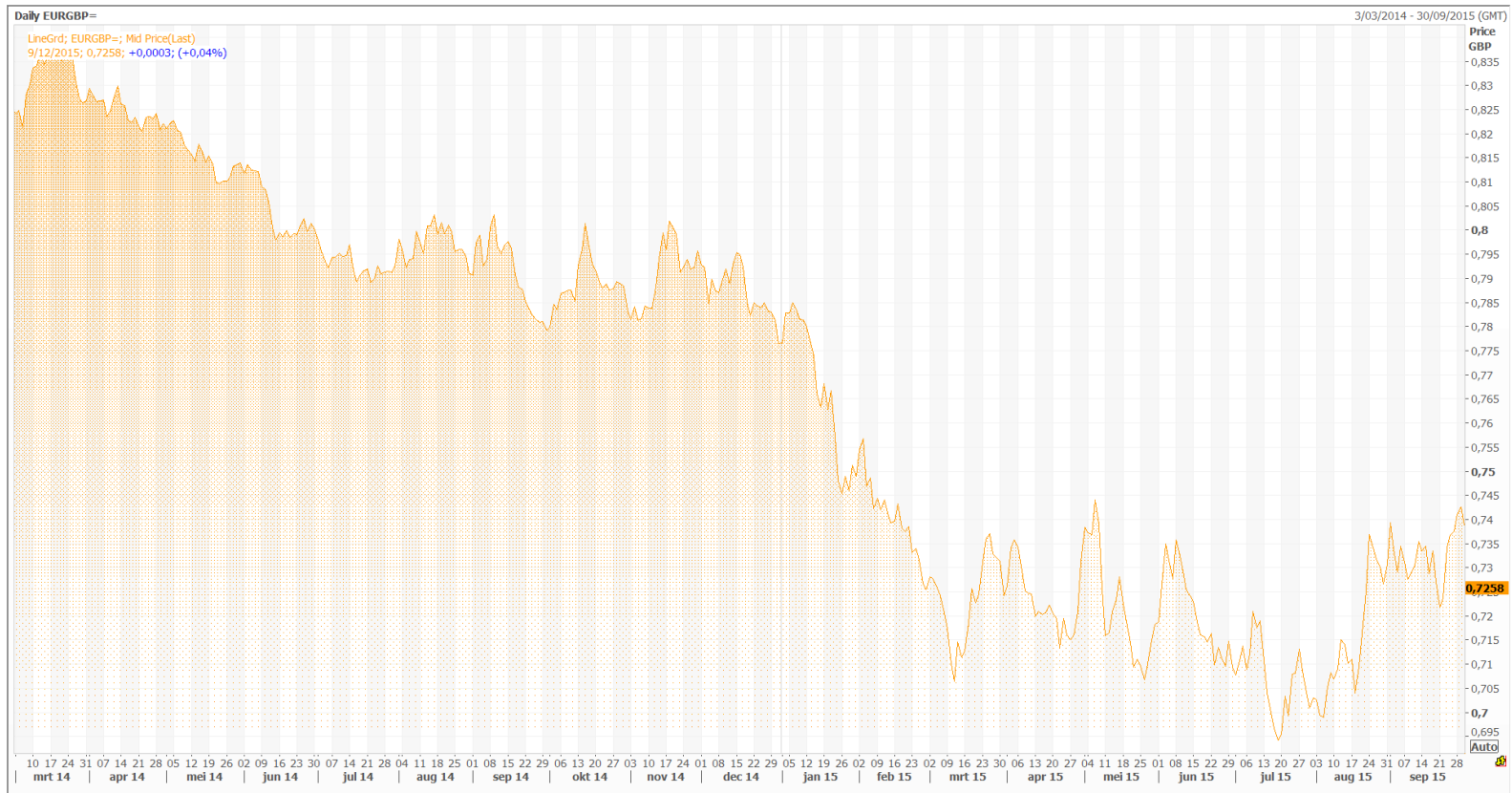
REPORTED H1 AY 15/16

Transaction costs business combination	-4,9
IFRS 3 fair value measurement	0,9
Others	0,1
<b>Total non-recurring elements</b>	<b>-3,9</b>

(In € million)	REPORTED H1 AY 15/16	REPORTED H1 AY 14/15	LFL H1 AY 15/16	LFL H1 AY 14/15
Fresh	- 8,3	0	-16,8	-18,7
Prepared	- 9,7	- 4,1	-9,7	-4,1
Other	- 0,1	0	-0,3	-0,4
<b>Total financial result</b>	<b>- 18,1</b>	<b>- 4,1</b>	<b>-26,8</b>	<b>-23,2</b>

- Decrease of €3,6 million on a LFL basis:
  - Fresh - Decrease in interest cost of € 1,9 million
  - Prepared - Change in unrealized exchange results, mainly GBP, of -€5,4 million (refer to next slide)

## EUR / GBP evolution





# Consolidated reported balance sheet - Assets



ASSETS (In € million)	30 September 2015	31 March 2015
<b>Non-current assets</b>	<b>1.265,9</b>	<b>294,3</b>
Intangible fixed assets	254,3	21,4
Goodwill	584,3	10,3
Tangible fixed assets	358,5	255,7
Biological assets	22,7	0,0
Financial fixed assets	0,2	0,0
Investments accounted for using the equity method	7,7	0,0
Deferred tax assets	11,4	6,7
Long-term receivables (> 1 year)	26,8	0,1
<b>Current assets</b>	<b>722,6</b>	<b>335,7</b>
Biological assets	0,1	0,0
Inventories	335,0	234,0
Amounts receivable	273,2	80,8
Other financial assets	6,7	0,4
Cash and cash equivalents	107,7	20,5
<b>Assets held for sale</b>	<b>9,3</b>	<b>0</b>
Assets held for sale	9,3	0
<b>Total</b>	<b>1.997,8</b>	<b>629,9</b>

# Consolidated reported balance sheet - Liabilities

LIABILITIES (In € million)	30 September 2015	31 March 2015
Equity	716,9	221,8
<b>Non-current liabilities</b>	<b>536,9</b>	<b>207,6</b>
Post-employment benefits	17,6	1,6
Provisions for other liabilities & charges	13,2	0,8
Financial debts at credit institutions	15,4	6,7
Other financial liabilities	440,2	174,7
Other amounts payable	0,8	0,8
Deferred tax liabilities	49,8	23,0
<b>Current liabilities</b>	<b>744,0</b>	<b>200,5</b>
Provisions for other liabilities & charges	6,0	0,0
Financial debts at credit institutions	65,3	60,9
Other financial liabilities	5,9	14,5
Trade & other payables	666,8	125,1
<b>Liabilities classified as held for sale</b>	<b>0</b>	<b>0</b>
Liabilities classified as held for sale	0	0
<b>Total</b>	<b>1.997,8</b>	<b>629,9</b>

# Consolidated balance sheet – Key observations

- **Intangible assets** - increase with €232,9 million, of which €225,5 million relates to fair value measurement of Fresh's customer relations
- **Consolidated goodwill** - increase of €574,0 million to €584,3 million as a result of the application of 'IFRS3 – Business Combinations'
- **Total tangible fixed assets** - increased by €102,8 million to €358,5 million resulting from the business combination (€103,4 million)
- **Working capital** - negative WC of €46,7 million, predominantly driven by the contribution of Fresh (-€226,5 million), offsetting the positive working capital position at Prepared (€170,7 million)
- **Equity (including non-controlling interests)** - €716,9 million as per September 30, 2015 leading to a solvency of 35,9%. Equity increased by €495,1, mainly resulting from the business combination

# Consolidated reported NWC H1 AY 15/16

(in € million)	FRESH	PREPARED	OTHER	CONSOL
Inventory	46,9	277,5	10,5	335,0
Trade and other receivables	186,1	77,9	10,8	274,4
Trade and other payables	- 459,5	-184,7	-12,3	-656,1
<b>Consolidated NWC</b>	<b>-226,5</b>	<b>170,7</b>	<b>9,0</b>	<b>-46,7</b>

The negative Net Working Capital of Fresh is more than compensating the positive position of the other segments

# Condensed consolidated cash flow statement

(in € million)	H1 AY 15/16	H1 AY 14/15	Evolution
Cash flow from operating activities	40,6	34,6	6,0
Increase in working capital (-) / decrease in working capital (+)	103,3	-3,5	106,8
<b>Net cash flow from operating activities</b>	<b>143,9</b>	<b>31,1</b>	<b>112,8</b>
Cash flow from investing activities	-18,4	-33,3	14,9
<b>Free operating cash flow</b>	<b>125,5</b>	<b>-2,2</b>	<b>127,7</b>
Cash flow from financing activities	-36,5	3,3	-39,7
Effect of exchange rate fluctuations	-1,8	0,8	-2,7
<b>Free cash flow</b>	<b>87,2</b>	<b>1,9</b>	<b>85,2</b>
<b>Cash and cash equivalents, opening balance</b>	<b>20,5</b>	<b>15,0</b>	
<b>Cash and cash equivalents, ending balance</b>	<b>107,7</b>	<b>16,9</b>	

# Net debt / leverage

## Net financial debt

(in € million)	H1 AY 15/16	Pro Forma March 2015	H1 AY 14/15
Fresh	212,7	166,5	243,7
Prepared	197,8	235,9	239,6
Other	4,9	17,8	9,1
<b>Net financial debt</b>	<b>415,4</b>	<b>420,2</b>	<b>492,4</b>

## Leverage

(in € million)	30/09/2015			
	Fresh	Prepared	Peat	Group
LTM REBITDA	73,0	50,2	9,1	132,3
Net financial debt	212,7	197,8	4,9	415,4
<b>Leverage</b>	<b>2,9</b>	<b>3,9</b>	<b>0,5</b>	<b>3,1</b>

# Q&A