

Greenyard gears up measures consequent to continuing market pressure

Sint-Katelijne-Waver, Belgium, 28 January 2019

Key Highlights:

- *Early signs of recovery reversed. Q3 results were lower than expected, mainly due to continued pressure in the food retail landscape, predominantly in Germany and Belgium.*
- *Greenyard revises its REBITDA forecast for AY 2018/19.*
- *Greenyard steps up its measures by installing a transformation team led by Marc Zwaaneveld, who joins the Leadership Team. This team is developing a turnaround plan which will include actions that will be implemented immediately.*
- *Greenyard will discuss the consequences of these events with its relationship banks in the coming days and management has been mandated by the Board of Directors to further explore different funding options, among others a capital increase.*
- *A conference call is organized at 2pm Central European Time today for more information.*

After summer, results of September and October picked up. Unfortunately, these early signs of recovery reversed in November and December. On one hand, this was caused by the competitive retail landscape with further increasing price pressure in Fresh product categories, predominantly in Germany and Belgium. On the other hand, continuously increasing quality and service requirements from retailers in Fresh and in Long Fresh are pushing up suppliers' cost and waste levels.

As a consequence, sales are lagging behind last year by -4,5% and has, more importantly, an impact on margin generation given that Greenyard operates at limited % margins. Therefore, Greenyard revises its REBITDA forecast for AY 2018/19 to a range of € 60-65m, after deconsolidation of the Horticulture segment which was sold end of 2018.

Greenyard is currently further transitioning its organization into a vertically integrated partner for its retail customers. Achieving this implies an important change for Greenyard and the retailers. Greenyard strongly believes that the fruit and vegetables market of the future will be operated more efficiently by a limited number of large players that partner closely with their customers. In the short term, this brings challenges and requires a new way of working in the market. However, in the longer term, the partnership model will reduce waste, improve quality for the consumer and improve margins in the value chain.

Based on this current ongoing market imbalance, the measures Greenyard took over the last six months have not been sufficient to close the gap. Initiatives have been taken in the fields of purchasing and procurement, systems and processing and key account management. Therefore, building further on these medium-term actions, a transformation team has been set up and is led by, Marc Zwaaneveld, a seasoned senior manager with a proven track record, who also joins the Leadership Team. The new team is developing a comprehensive turnaround plan which will include actions that will be implemented immediately. Hence, Greenyard will focus as well on additional commercial achievements and acceleration of the started mid-term projects as on aligning the overall cost base.

Greenyard will discuss the consequences of these events with its relationship banks in the coming days. In parallel, the Board of Directors has mandated management to further explore different funding options, o.a. a capital increase. Greenyard will update the market in due course.

For further information, Greenyard organizes an investor conference call at 2pm CET today.

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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.

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