Press Release

Greenyard continues its strong performance in the first half of the new financial year

Sint-Katelijne-Waver, Belgium, 14 November 2023

Key Highlights:

- Significant increase in Like-for-Like Net Sales (+11,2%), resulting from Fresh volume growth and inflation compensating actions in both segments. Volumes grew by 1,7%, while prices increased by 9,5%.
- Adjusted EBITDA increasing faster than Net Sales with a 12,3% increase.
- Adjusted EBITDA margin increases by 13bps to 3,6%.
- Net result remains stable from € 7,1m to € 7,0m, impacted by higher interest costs and depreciations.
- The strong operational result combined with strict control over working capital, despite the inflationary impact on the inventory levels, ensured a continued low debt and leverage ratio, decreasing from 2,7x to 2,4x year-on-year.

For the full year 23/24, Greenyard confirms its ambition to reach € 175m–180m of Adjusted EBITDA and € 4 900m of net sales. Greenyard also confirms its ambitions of reaching € 5 400m of sales and between € 200m–210m of Adjusted EBITDA by March 2026.

By Segment:

- The Fresh segment grows mainly thanks to an increase in the revenues from our Integrated Customer Relationships (ICR), bringing the percentage of sales from integrated customers versus the total Fresh revenues from 74% to 78%.
- The Adjusted EBITDA in the Fresh segment increases thanks to strong ICR results in certain markets and better cost absorption in the facilities, combined with higher process efficiencies, despite expected project costs associated with new ICRs and lower volumes and lower prices for the citrus season in the US.
- In Long Fresh, revenues increase by 16,8%, with the Adjusted EBITDA even 21,2% higher than the same period of last year thanks to realised price increases and improved yields, particularly in Frozen.

Key financials (in €'000 000)	H1 23/24	H1 22/23	Difference
Sales (reported)	2 521,3	2 301,9	9,5%
Sales (like-for-like)	2 488,3	2 238,6	11,2%
Adjusted EBITDA	90,3	80,4	12,3%
Adjusted EBITDA-margin %	3,6%	3,5%	
Net result continuing operations	7,0	7,1	
EPS continuing operations (in €)	0,13	0,13	
NFD (excl. lease accounting)	316,0	328,4	-3,8%
Leverage	2,4	2,7	

CFO Nicolas De Clercq commented: "*Having recently joined the company as Group CFO, it is good to see a strong performance, particularly in challenging market conditions. Volumes grew further and inflation effects are being mitigated within the group, creating a platform for further growth in profitability and cash flow. The pure plant experiences Greenyard can bring with its three divisions are clearly bringing value for our customers and their consumers.*"

Sales. The sales Group reported increased year-on-year by another € 249,7m, up from € 2 238,6m to € 2 488,3m for the first six months of the year or an 11,2% increase (on a like for like basis). This increase is driven by 1,7% volume and 9,5% price increases year-on-year, on top of an already inflationary environment last year. The sales increase includes a € -0,8m FX impact.

Adjusted EBITDA. The Adjusted EBITDA grew by € 9,9m (+12,3%), and the margin from 3,5% to 3,6%, thanks to the strong results of Long Fresh and performance of the Integrated Customer Relationships in Fresh and the compensation for the increased interest costs.

By Segment

Fresh

Key segment figures - FRESH in €'000 000	H1 23/24	H1 22/23	Difference
Sales (reported)	2 065,0	1 911,2	8,0%
Sales (like-for-like)	2 032,0	1 848,0	10,0%
Adjusted EBITDA	52,0	49,3	5,4%
Adjusted EBITDA-margin %	2,5%	2,6%	

Sales increased by 10% thanks to 2,4% more volumes, coming from more business with Integrated Customers (ICR), and 7,6% higher prices, despite significant price pressure in certain European markets. The share of ICR versus total Fresh sales therefore also increased from 74% to 78%.

The Adjusted EBITDA increased with € 2,7m thanks to the results of Fresh Poland and inflation and interest compensating measures within several ICRs. The result of Poland increased thanks to higher tariffs, improved warehouse fill rates and efficiencies. These results have been partially offset by higher costs in Germany and US. The latter due to a longer local season with lower margins.

Long Fresh

Key segment figures - LONG FRESH in €'000 000	H1 23/24	H1 22/23	Difference
Sales (reported)	456,3	390,6	16,8%
Sales (like-for-like)	456,3	390,6	16,8%
Adjusted EBITDA	37,4	30,9	21,2%
Adjusted EBITDA-margin %	8,2%	7,9%	

Net Sales increased with 16,8% thanks to price increases of 18,9%, partially offset by -1,7% volume and -0,4% related to transport activities. The price increased with 18,9% thanks to the inflation compensating measures. The volume was impacted by -1,7% due to lower stock levels held by customers in an uncertain market.

The Adjusted EBITDA increased from € 30,9m to € 37,4m, or by 21,2%, versus the same period last year. This is an increase with € 6,5m, although the Prepared division benefited last year from a substantial one-off recovery of water management contributions. The EBITDA margin increases from 7,9% last year to 8,2%, driven by higher crop yields versus last year, leading to higher cost absorption, mainly thanks to the late but very strong pea season.

EBIT

EBIT amounted to € 35,4m, up from 27,3m last year, or up 30%, thanks to a higher EBITDA, a non-recurring gain on sales of assets in Brazil and UK versus a non-recurring cost in the previous year on reorganisation costs in certain markets.

Net Results

Greenyard reports a stable net result from continuing operations of € 7,0m for the first half of the financial year, compared to € 7,1m for the same period last year. The higher operational result was affected negatively by higher depreciations, as well as an increase in interest- and factoring costs, on the unhedged exposure thereof, driven by the global increase in the benchmark interest rates (Euribor) and higher sales.

The Euribor benchmark interest rate has started to increase in the second half of last year, combined with a higher factoring position at the end of the half year versus last year (€ 271m versus € 255,2m), resulted in a higher financial cost and an average interest, and factoring cost of 4,3% on the unhedged part.

CAPEX

€ 29,8m was spent in the last six months on CAPEX, of which 52% related to maintenance and replacement, where the remainder was spent for further capacity expansion and efficiency improvements. 58% of the CAPEX spent was spent in the Fresh segment, 42% in the Long Fresh segment.

The main automation projects spent in the Fresh segment were new citrus, mango- and apple lines for the sorting and packing of the fruits, increasing capacity and quality.

In Long-Fresh, Greenyard invested in convenience ensuring capacity for light coating, also with proteins, in Frozen, and higher capacity in sauces in Prepared.

Financial Position

The pre-IFRS 16 debt decreased by another € 12,4m, from € 328,4m to € 316,0m last year. The result is a clear reduction of leverage from 2,7x to 2,4x, despite net working capital in September being high due to the annual seasonality of building up inventory in the Long Fresh harvesting season and the inflation impact on the value of the inventory.

The reduction was made possible thanks to a higher EBITDA and a strict control of inventory and other working capital items.

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Disclaimer

About Greenyard

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

Its vision is to make lives healthier by helping people enjoy fruit and vegetables at any moment, easy, fast and pleasurable, while fostering nature. With around 8 500 employees operating in 19 countries worldwide, Greenyard identifies its people, and customer and supplier relationships, as the key assets which enable it to deliver goods and services worth around € 4,6 billion per annum.

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APPENDIX 1: Condensed consolidated income statement

Condensed consolidated income statement	Note	H1 23/24 €'000	H1 22/23 €'000
CONTINUING OPERATIONS			
Sales		2 521 266	2 301 852
Cost of sales	4.1.	-2 359 220	-2 155 877
Gross profit/loss (-)		**162 046**	**145 974**
Selling, marketing and distribution expenses	4.1.	-50 292	-50 139
General and administrative expenses	4.1.	-82 060	-77 990
Impairment property, plant & equipment	4.1.	-503	-
Other operating income/expense (-)	4.2.	6 242	9 291
Share of profit/loss (-) of equity accounted investments		4	196
EBIT		**35 437**	**27 332**
Interest expense	4.3.	-27 585	-17 369
Interest income	4.3.	684	134
Other finance result	4.3.	758	3 288
Net finance income/cost (-)		**-26 143**	**-13 947**
Profit/loss (-) before income tax		**9 294**	**13 385**
Income tax expense (-)/income	4.4.	-2 322	-6 259
Profit/loss (-) for the period from continuing operations		**6 972**	**7 126**
PROFIT/LOSS (-) FOR THE PERIOD		6 972	7 126
Attributable to:			
The shareholders of the Group		6 314	6 365
Non-controlling interests		659	761

APPENDIX 2: Condensed consolidated statement of financial position

Assets	Note	30 September 2023 €'000	31 March 2023 €'000
NON-CURRENT ASSETS		**1 232 646**	**1 239 001**
Property, plant & equipment	5.1.	314 195	320 423
Goodwill	5.2.	477 504	477 504
Other intangible assets	5.3.	174 495	177 299
Right-of-use assets	5.4.	202 897	205 049
Investments accounted for using equity method		8 653	8 650
Other financial assets	5.5.	17 653	16 852
Deferred tax assets		35 432	31 554
Trade and other receivables		1 817	1 670
CURRENT ASSETS		**754 495**	**734 205**
Inventories		457 595	375 382
Trade and other receivables		238 075	239 012
Other financial assets		695	455
Cash and cash equivalents		58 130	119 357
TOTAL ASSETS		**1 987 141**	**1 973 206**

Equity and liabilities	Note	30 September 2023 €'000	31 March 2023 €'000
EQUITY		**489 561**	**486 037**
Issued capital		337 692	337 692
Share premium and other capital instruments		317 882	317 882
Consolidated reserves	5.6.	-179 685	-182 624
Cumulative translation adjustments		-2 889	-2 763
Non-controlling interests		16 561	15 850
NON-CURRENT LIABILITIES		**588 913**	**615 839**
Employee benefit liabilities	5.7.	12 816	13 735
Provisions		9 072	9 117
Interest-bearing loans	5.8.	328 027	351 534
Lease liabilities		199 407	200 810
Trade and other payables		3 509	3 142
Deferred tax liabilities		36 083	37 501
CURRENT LIABILITIES		**908 667**	**871 330**
Provisions		3 866	3 796
Interest-bearing loans	5.8.	29 007	29 922
Lease liabilities		31 929	30 445
Other financial liabilities		927	1 278
Trade and other payables		842 938	805 889
TOTAL EQUITY AND LIABILITIES		**1 987 141**	**1 973 206**

APPENDIX 3: Condensed consolidated cash flow statement for the six months ended 30 September 2023

Condensed consolidated statement of cash flows	Note	H1 23/24 €'000	H1 22/23 €'000
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS, OPENING BALANCE		**119 356**	**98 026**
CASH FLOW FROM OPERATING ACTIVITIES (A)		**38 257**	**37 919**
EBIT from continuing operations		**35 437**	**27 332**
Income taxes paid		**-10 031**	**-6 324**
Adjustments		**51 205**	**47 419**
Amortisation of intangible assets		10 768	10 259
Depreciation of property, plant & equipment and right-of-use assets		42 432	39 437
Impairment on property, plant & equipment		503	-
Write-off on stock/trade receivables		-553	-5
Increase/decrease (-) in provisions and employee benefit liabilities		-95	-1 406
Gain (-)/loss on disposal of property, plant & equipment		-2 070	-1 084
Share based payments and other		223	413
Share of profit/loss (-) of equity accounted investments		-4	-196
Increase (-) /decrease in working capital		**-38 354**	**-30 508**
Increase (-)/decrease in inventories		-79 754	-73 118
Increase (-)/decrease in trade and other receivables		-1 658	33 188
Increase/decrease (-) in trade and other payables		43 057	9 422
CASH FLOW FROM INVESTING ACTIVITIES (B)		**-29 750**	**-24 986**
Acquisitions (-)		**-34 368**	**-26 653**
Acquisition of intangible assets and property, plant & equipment		-33 858	-26 653
Acquisition of subsidiaries (net of cash acquired)		-510	-
Disposals		**4 617**	**1 667**
Disposal of intangible assets and property, plant & equipment		4 617	1 667
CASH FLOW FROM FINANCING ACTIVITIES (C)		**-69 777**	**7 731**
Acquisition (-)/ disposal treasury shares		117	340
Proceeds from borrowings, net of transaction costs		56 792	460 187
Repayment of borrowings		-81 635	-421 572
Payment of principal portion of lease liabilities		-18 002	-16 014
Net interests paid		-26 214	-13 984
Other financial expenses		-834	-1 226
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**-61 270**	**20 664**
Effect of exchange rate fluctuations		43	127
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS, CLOSING BALANCE		**58 129**	**118 817**
Of which:			
Cash and cash equivalents		58 130	119 264
Bank overdrafts		1	447

APPENDIX 4: Reconciliation of net financial debt

Reconciliation net financial debt	30 September 2023 €'000	31 March 2023 €'000
Cash and cash equivalents	-58.130	-119.357
Interest-bearing bank debt (non-current/current)	272.137	294.639
Interest-bearing lease & lease back debt (non-current/current)	84.897	86.817
Lease liabilities (non-current/current)	231.336	231.254
As reported	**530.239**	**493.353**
Net capitalised transaction costs related to the refinancing	6.951	6.557
Net financial debt	**537.190**	**499.910**
Lease accounting (IFRS 16)	-221.151	-222.626
Net financial debt (excl lease accounting)	**316.039**	**277.285**

Glossary

CAPEX	Capital expenditures
EBIT	Operating result
EPS	Earnings per share
IRS	Interest rate swap
Liquidity	Current assets (including assets classified as held for sale)/Current liabilities(including liabilities related to assets classified as held for sale)
Leverage	NFD (for leverage) / Adjusted EBITDA (for leverage)
Net financial debt (NFD)	Interest-bearing debt (at nominal value) after the impact of lease accounting (IFRS 16), less derivatives, bank deposits, cash and cash equivalents and restricted cash
Net financial debt (NFD) excl. lease accounting	Interest-bearing debt (at nominal value) before the impact of lease accounting (IFRS 16), less derivatives, bank deposits, cash and cash equivalents and restricted cash
Net result	Profit/loss (-) for the period
Adjusting items	Adjusting items are one-off expenses and income that in management's judgement need to be disclosed by virtue of their size or incidence. Such items are included in the consolidated income statement in their relevant cost category, but separately disclosed in the chapter *Key financial information* reconciling EBIT to Adjusted EBITDA. Transactions which may give rise to adjusting items are principally restructuring and reorganisation activities, impairments, disposal of assets and investments, claims, IFRS 3 acquisition accounting and corporate finance related projects and the effect of the accelerated repayment of certain financial indebtedness.
Adjusted EBITDA	EBIT corrected for depreciation, amortisation and impairments excluding adjusting items, excluding EBIT corrected for depreciation, amortisation and impairments from minor operations that are divested or divestment is in process (not within the scope of IFRS 5).
Adjusted EBITDA (for leverage)	Adjusted EBITDA excluding the impact of lease accounting (IFRS 16)
LTM	Last twelve months
LTM Adjusted EBITDA	Last twelve months Adjusted EBITDA, corrected for acquisitions and disposals on a like-for-like basis
LTM Adjusted EBITDA (for leverage)	Last twelve months Adjusted EBITDA, corrected for acquisitions and disposals on a like-for-like basis and excluding the impact of lease accounting (IFRS 16)
Working capital	Working capital is the sum of the inventories, trade and other receivables (non-current and current) and trade and other payables (current). In this respect trade and other receivables are corrected for long-term (financing) receivables and accrued interest income and trade and other payables exclude accrued interest expenses and dividend payable.

AY 22/23	Accounting year ended 31 March 2023
AY 23/24	Accounting year ended 31 March 2024