First half with healthy growth in sales and REBITDA

Sint-Katelijne-Waver, Belgium, November 22,2016 - Greenyard (Euronext Brussels: GREEN) announced its results for the first half ending September 30, 2016

Highlights – H1 ending September 30, 2016[1]

- Sales were up 8,6% YoY in H1 to € 2.146,1m. Growth came from internal growth (6,8%) and M&A (2,8%) with FX being slightly negative (-0,9%):
    - Fresh' sales grew by 6,9% mainly thanks to growth in the German and Dutch markets
    - Long Fresh' sales[2] were up 19,6% supported by solid internal sales growth (4,1%) and the incorporation of Lutèce (18,2%)
    - Horticulture sales were slightly down (-2,5%) due to a planned product discontinuation
- REBITDA[3] increased by 7,2% to € 77,7m, a margin of 3,6%. The REBITDA improvement in H1 (YoY) of € 5,2m is mainly driven by:
    - Fresh improved by € 4,7m thanks to top line growth in core markets and improved margins in the logistic operations
    - Long Fresh reported a small drop (€ -0,7m) as improved portfolio management, volume growth and ongoing efficiencies compensated the impact from adverse weather conditions and ongoing price pressure in Prepared
    - Horticulture's profitability rose further (€ 1,2m) thanks to an improved product mix
- Net profit came in at € 6,8m, which translates into an EPS of € 15c
- Net debt dropped by € 36,5m YoY to € 379,0m. This results in a leverage of 2,7x, down from 2,8x at year-end and 3,1x in September 2015

CEO Marleen Vaesen comments on the results:

'Greenyard started the year with good internal growth, combined with solid improvement in REBITDA. We continue to focus on our strategic priorities to drive profitable growth. As evidenced by the smooth integration of Lutèce with synergies continuing to come in. The expansion in Lipno, Poland, became operational this summer and supports our operational excellence program in Frozen. The new US facility, planned to open next year, is illustrative for our ambitions in the Growth markets. Finally, the operations in Frozen France are normalising. We continue to strengthen the corporate culture under our new name 'Greenyard', a powerful umbrella for the future.'

Figure 1 – Key financials

(in € million)	H1 15/16 (1)	H1 16/17	YoY
Sales	1.975,6	2.146,1	8,6%
REBITDA	72,5	77,7	7,2%
REBITDA margin %	3,7%	3,6%	
Net result	2,2	6,8	210%
Earnings per share	0,05	0,15	210%
NFD	415,4	379,0	-8,8%
NFD/ LTM REBITDA	3,1	2,7	

[1] For comparison reasons, the September ’15 numbers in this press release are based on pro-forma unaudited management results on both sales and REBITDA levels as the legal consolidated numbers start as from June 19, 2015. Below REBITDA, consolidated numbers are being reported unless otherwise stated (‘Like-for-Like’)

[2] The former ‘Prepared’ segment was renamed into ‘Long Fresh’. This segment comprises of 2 divisions being ‘Frozen’ and ‘Prepared’, whereby the latter is the new divisional name for the former ‘Canning’ division

[3] REBITDA is an alternative performance measure. For reconciliation towards operating profit, please see our half-year report.

Segment review

1 – Fresh

Figure 2 – Sales & REBITDA evolution

(in € million)	H1 15/16	H1 16/17	YoY
Sales	1.638,5	1.751,0	6,9%
REBITDA	40,8	45,5	11,5%
REBITDA margin	2,5%	2,6%	

Fresh realised 7,5% internal sales growth in H1. The strong internal growth is mainly the result of a robust performance in the core German and Dutch market as well as Poland. Both pricing and volumes continued to contribute positively, with ongoing strong product mix driven by strong demand in exotics, Ready-To-Eat and mixes. The Growth markets for Fresh (UK, France, US) grew in line with Fresh' internal sales growth.

REBITDA improved by 11,5% lifting margins by 10bps to 2,6%. The improvement of € 4,7m is driven by the German market, the Netherlands as well as an improved performance in our logistic operations.

2 – Long Fresh

Figure 3 – Sales & REBITDA evolution

(in € million)	H1 15/16	H1 16/17	YoY
Sales	299,9	358,8	19,6%
REBITDA	27,5	26,8	-2,5%
REBITDA margin	9,2%	7,5%	

Long Fresh posted a strong growth in its top line whereby the acquisition of Lutèce explains the vast majority (18,2%) of the increase. Internal growth reached 4,1%, driven by volume growth, pricing and, importantly, an improved price/mix. The latter was particularly present in Frozen, showing that our persistent efforts to improve our portfolio are paying off. Nevertheless, overall market conditions remain challenging, certainly the pricing environment in Prepared.

REBITDA dropped slightly as the improvements in product mix, cost efficiencies and the smooth integration of Lutèce were balanced by the difficult processing due to the adverse weather conditions as well as ongoing pricing pressure in Prepared.

3 – Horticulture

Figure 4 –Sales & REBITDA evolution

(in € million)	H1 15/16	H1 16/17	YoY
Sales	37,2	36,3	-2,5%
REBITDA	4,2	5,4	29,6%
REBITDA margin	11,3%	15,0%	

Sales of Horticulture were only slightly down despite a tough comparison base (+10,5% H1 15/16) and the ceasing of a product line. Growth in Poland combined with ongoing strong demand for new products compensated most of the impact.

REBITDA margin improved strongly by 370bps, reaching 15%, thanks to an improved product mix. Cost control and ongoing efficiency improvements further supported margins.

Non-recurring items

Figure 5 – Non-recurring items above EBIT

(in € million)	H1 15/16	H1 16/17	YoY
Restructurings & write-offs	0,0	-4,5	-4,5
Mergers & acquisition costs	-3,8	-0,9	2,9
Other	-0,1	-0,5	-0,4
Total Non-recurring items	**-3,9**	**-5,9**	**-2,0**

Non-recurring items impacted EBITDA negatively by € 5,9m mainly due to restructuring charges. These are primarily explained by the provisioning for the in April announced centralisation of the Ben Fresh activities in Fresh towards Sint-Katelijne-Waver. The remainder related to other operational changes within the organisation.

Net financial income & costs (Like-for-Like)

Figure 6 – Net financial income & costs

(in € million)	H1 15/16	H1 16/17	YoY
Interest expenses (including IRS & FV adjustments)	-20,9	-18,6	2,3
MTM & Exchange (gains) / losses	-2,3	-5,3	-3,0
Other financial charges	-2,9	-2,9	0,0
Net financial income & costs	**-26,1**	**-26,7**	**-0,6**

Net financial charges increased by € 0,6m vs. the same period last year. In interests and other debt related expenses posted, a saving of € 2,3m was realised. This was more than compensated by the € 3,0m increase in MTM adjustments & unrealised exchange rate losses, mostly due to movements in the GBP. Other financial charges were stable.

Income taxes & Net profit

Figure 7 – Income taxes and net profit

(in € million)	H1 15/16*	H1 16/17	YoY
Profit before taxes	5,7	12,9	7,2
income tax expense / (income)	-5,8	-6,1	-0,3
Net profit	**0,0**	**6,8**	**6,8**

The corporate tax charges in H1, based on legal consolidation, amounted to € 6,1m. This implies a corporate consolidated tax rate of 47,2%. Net profit increased significantly to € 6,8m vs. € 0,0m reported in H1 of last year. This reflects the strong increase in operating profit due to the full consolidation of Fresh and Horticulture (6 months vs. 3,5 months last year), which is partly offset by higher non-recurrings and financial charges. This translates into an earnings per share of € 0,15.

Financial position

Cash flow

Figure 8 - Cash flow statement

(in € million)	H1 15/16	H1 16/17	YoY
Operating profit	23,6	40,4	71%
Adjustments for non-cash items	20,4	24,8	22%
Increase (-)/decrease in working capital	103,3	-10,4	-110%
Taxes paid	-3,4	-4,8	40%
Cash flow from operating activities	**143,9**	**50,0**	**-65%**
CAPEX (incl. subs. & associates)	-22,0	-24,2	10%
Disposals (incl. subs. & associates)	3,6	1,8	-50%
Cash flow from investing activities	**-18,4**	**-22,4**	**22%**
Use / Repayments (-) on borrowings	-22,3	-36,8	65%
Interest & finance income / expenses (-)	-14,2	-24,4	72%
Cash flow from financing activities	**-36,5**	**-61,2**	**68%**
NET CHANGE IN CASH	**89,0**	**-33,6**	**-138%**
FX effect	-1,8	1,3	-170%

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

Key observations:

- The positive cash flow from operating activities is the result of a strong increase in the operating profit and higher adjustment for non-cash items which are more than offset by an increase in working capital. Last year, there was a large inflow from the contribution of Fresh's working capital due to the business combination
- Cash flow from investing activities shows an increase in CAPEX due to the full consolidation in H1 16/17 but underlying capex evolution is showing a decline (see 'Capex').
- Cash flow from financing activities deteriorated significantly due to the full consolidation, impacting interest & finance income/expenses materially as well as more debt repayments.

CAPEX

During the first 6 months of the year, CAPEX spending amounted to € 24,2m, an increase of 10% vs. last year, when only 3,5 months were consolidated. As such, the underlying CAPEX evolution is showing a drop. Long Fresh' underlying CAPEX dropped mainly due to phasing of investments. Within Fresh, the investments related to the centralisation of the operations of Ben Fresh were largely taken in the first half.

Net debt

Net debt as of September 30, 2016 amounted to € 379,0m, which implies a YoY drop of € 36,5m or 8,8%. As a consequence, net debt/REBITDA dropped to 2,7x vs. 3,1x in September 30, 2015 . This YoY drop is a strong achievement in view of the ongoing investments throughout the Group and the acquisition of Lutèce.

Working capital

Working capital dropped to -€ 62,4m vs. -€ 46,7m in September 2015 and -€ 69,9m at year-end. This translates into a -1,5% working capital on sales ratio. This is slightly higher than the –1,7% reported at year-end but is mainly related to the seasonal impact, mainly in Long Fresh. Fresh could partly curb this evolution as the seasonal pattern was less outspoken.
The acquisition of Lutèce is still causing an increase of working capital but improvements have been implemented. Factoring reached € 341,0m at the end of September, which implies a € 17,5m drop compared to year-end, when factoring amounted to € 358,5m, despite Lutèce now being part of the factoring program.

Outlook statement

The Board of Directors and management considers that after a solid start of the year, Greenyard continues to be well positioned to deliver profitable growth and to unlock the synergy potential going forward of the business combination.

Subsequent events

Between September 30, 2016 and November 22, 2016 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 September 30, 2016 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.

Declaration of the auditor

The auditor confirms that the limited review is completed and did not reveal any significant adjustments to the financial information included in the press release.

Financial calendar

- Q3 trading update 2016/2017	February 23, 2017
- FY results 2016/2017	June 6, 2017

For additional information, please contact Greenyard:

Marleen Vaesen, CEO
T +32 15 32 42 97
marleen.vaesen@greenyardfoods.com

Carl Peeters, CFO
T +32 15 32 42 69
carl.peeters@greenyardfoods.com

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 some 8,200 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 almost 4 billion per annum.

www.greenyard.group

Disclaimer

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Glossary

EBITDA	Operating profit corrected for depreciations, amortisations and impairments
REBITDA	EBITDA excluding non-recurring items
LTM	Last twelve months
Net Financial Debt	Interest-bearing debt (at nominal value) less derivatives, bank deposits, cash and cash equivalents, except for Fresh/ Horticulture for which derivatives are not included in net financial debt
Leverage	Net financial debt/ LTM 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. Such items are disclosed on the face of the consolidated income statement or separately disclosed in the notes to the financial statements. Transactions which may give rise to non-recurring items are principally restructuring activities, impairments, gains or losses on disposal of investments and on IFRS3 acquisition accounting

APPENDIX 1: P&L

P & L (in € million)	Sep '15	Sep '16
CONTINUING OPERATIONS		
Revenue from sales	**1.212,1**	**2.146,1**
Cost of sales	-1.120,0	-1.991,7
Gross profit/(loss)	**92,1**	**154,3**
Selling, marketing and distribution expenses	-27,2	-47,0
General & administrative expenses	-39,2	-64,0
Other operating income	1,8	2,9
Operating profit/(loss) before non-recurring items	**27,5**	**46,3**
Non-recurring items from operating activities	-3,9	-5,9
Operating profit/(loss) after non-recurring items	**23,6**	**40,4**
Finance income	2,0	3,6
Finance costs	-20,1	-30,4
Net finance income/(costs)	**-18,1**	**-26,7**
Share of profit/(loss) of equity accounted investments	0,2	-0,7
Profit/(loss) before income tax	**5,7**	**12,9**
Income tax income/(expense)	-5,8	-6,1
Profit/(loss) for the period	**0,0**	**6,8**
Attributable to:		
Owners of the parent company	0,1	6,8
Non-controlling interest	-0,1	0,0

APPENDIX 2: Balance sheet

ASSETS (in € million)	Mar '16	Sep '16
NON-CURRENT ASSETS	**1.286,2**	**1.271,7**
Intangible assets	249,7	243,9
Goodwill	589,9	589,9
Property, plant and equipment	380,9	372,5
Biological assets	21,1	20,2
Financial fixed assets	0,2	0,2
Investments accounted for using the equity method	7,1	8,6
Deferred tax assets	10,9	9,5
Long-term receivables (> 1 year)	26,4	27,0
CURRENT ASSETS	**800,3**	**760,4**
Biological assets	0,1	0,0
Inventories	293,6	326,3
Amounts receivable	360,9	320,7
Other financial assets	7,8	6,5
Cash and cash equivalents	137,9	106,8
ASSETS HELD FOR SALE	**-**	**-**
Assets held for sale	-	-
TOTAL ASSETS	**2.086,5**	**2.032,1**

EQUITY AND LIABILITIES (in € million)	Mar '16	Sep '16
EQUITY	**728,3**	**723,2**
Equity	728,3	723,2
NON-CURRENT LIABILITIES	**534,9**	**531,8**
Post-employment benefits	21,6	24,2
Provisions for other liabilities & charges	11,4	9,3
Financial debts at credit institutions	13,8	12,4
Other financial liabilities	440,9	440,4
Other amounts payable	1,0	1,2
Deferred tax liabilities	46,2	44,4
CURRENT LIABILITIES	**823,4**	**777,2**
Provisions for other liabilities & charges	6,2	5,4
Financial debts at credit institutions	72,7	38,8
Other financial liabilities	3,6	1,2
Trade & other payables	740,9	731,8
TOTAL EQUITY AND LIABILITIES	**2.086,5**	**2.032,1**