

## Greenyard acquires leading mushroom substrate group

Sint-Katelijne-Waver, Belgium, June 14, 2017 - Greenyard (Euronext Brussels: GREEN) announces transformational transaction for Greenyard by acquiring Mykogen, the leading Polish manufacturer of mushroom substrate

Greenyard is pleased to announce that it has entered into an agreement regarding the acquisition of Mykogen Polska S.A. (collectively “Mykogen”), a leading manufacturer of top quality mushroom substrate. The company has four state-of-the-art production facilities, located in Poland and Ukraine. Substrate is the key and highest value-added raw material used in mushroom production. Mykogen’s quality growing media are essential in producing high quality mushrooms in the growing production markets of Central and Eastern Europe. The vast majority of Mykogen’s operations are in Poland, Europe’s largest mushroom producer.

During the last 4 years, Mykogen’s sales growth has exceeded 8% per annum (CAGR) with FY 2017 sales expected to approach € 40 million. The company has consistently delivered strong profitability with EBITDA<sup>1</sup> margins above 35%. Mykogen, with over 300 employees, is led by a very experienced and impressive management team. Mykogen is currently owned by a subsidiary of Abris CEE Mid-Market Fund II L.P., a fund advised by Abris Capital Partners. During recent years under Abris’ buy & build strategy, Mykogen has completed significant investments in existing facilities and a new green-field facility, as well as a material acquisition.

The addition of Mykogen to Greenyard yields a number of important strategic benefits. Firstly, Greenyard further enhances its direct connection to the grower by becoming a key supplier to the major mushroom growers. Secondly, increasing its access to hand-picked and mechanically harvested mushrooms the group strengthens its positioning in the mushroom market place creating opportunities for cross-divisional synergies with the Fresh, Frozen, Prepared (Lutèce) and Horticulture divisions within Greenyard. Thirdly, the growing production volumes of the highly value added substrates in Poland, Ukraine and neighbouring markets are beneficial to the group’s growth rate. Lastly, the transaction raises the strategic profile of its Horticulture business, positioning it for further strategic development, while at the same time improving Greenyard’s margin structure and reducing earnings volatility.

### Transaction Details

The purchase price is approximately € 93 million. In 2016, Mykogen achieved EBITDA of approximately € 13.5 million (roughly 80% of the EBITDA was generated from the Polish operations). This implies a trailing purchase price multiple of 6.9x EV/EBITDA. Greenyard is financing the transaction from existing credit facilities.

The transaction is conditional upon the receipt of all necessary regulatory and third party approvals, and other customary conditions. Closing is expected to occur during the second half of 2017.

### **Divestments of non-core assets**

To improve the footprint and focus, selective non-strategic and non-core assets within the Fresh segment will be divested. These divestments are estimated to provide cash proceeds of approximately € 25m with a limited impact on EBITDA (activities represent <2% of Group EBITDA). The divestments are expected to be completed during the second half of 2017.

### **Impact on Greenyard**

As a result of the acquisition and divestments, EBITDA is anticipated to increase by 8%. As such, Horticulture will represent 15% of group EBITDA vs. 7% today. On a pro-forma basis, Greenyard's EBITDA would have reached € 157 million in March 2017. The transaction is anticipated to be earnings accretive as from year 1.

After the acquisition of Mykogen and the divestments of the non-core assets, net financial debt is expected to be approximately € 390 million vs. € 324.2 million reported FY 16/17. Hence, Greenyard's leverage<sup>2</sup>, based on NFD<sup>3</sup>/EBITDA, is anticipated to be approximately 2.5x, an increase of 0.3x compared to FY 16/17 and well below the FY 15/16 ratio of 2.8x.

### **CEO Marleen Vaesen comments on this major step for Greenyard:**

'We look forward to welcoming Mykogen as part of Greenyard and are proud to announce this significant transaction. The addition of Mykogen fits perfectly with our objective to have a vertical chain derived from Greenyard's 'fork-to-field' strategy, whereby we ensure consumers can enjoy fresh quality products. Together with Mykogen, our Horticulture business takes an important step forward within our group with multiple opportunities for future synergies across Fresh, Frozen, Prepared and of course Horticulture.

The acquisition of a top-notch player in mushroom substrate is another major milestone for Greenyard. This, combined with an increased focus within Fresh by divesting non-core assets, positions Greenyard well for the future.

During the last 6 months, we announced a refinancing, commenced a share buyback and reported solid FY results with strong top line and EBITDA growth. Together with today's announcement, it clearly underlines that Greenyard continues to deliver on its aim to generate profitable growth and further strengthen its position as a global leader of fruit & vegetables in all its forms.'

### **Financial calendar**

- Q1 trading update	August 29, 2017 (after market)
- AGM	September 15, 2017 (2 PM)
- H1 results	November 21, 2017 (after market)

### **Glossary**

- 1- EBITDA in this press release refers to recurring EBITDA, which is the EBIT corrected for depreciation, amortisation, impairments and non-recurring items
- 2- Leverage refers to Net financial debt/ EBITDA (EBITDA as referred in '1')
- 3- NFD refers to Net Financial Debt

For additional information, please contact Greenyard:

Marleen Vaesen, CEO  
T +32 15 32 42 97  
marleen.vaesen@greenyard.group

Carl Peeters, CFO  
T +32 15 32 42 69  
carl.peeters@greenyard.group

### **About Greenyard**

**Greenyard** (Euronext Brussels: GREEN) is a global market leader of fresh, frozen 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](http://www.greenyard.group)**