CFA Institute Research Challenge

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Consumer Staples industry, Consumer Goods segment (Fruits & Vegetables)
Euronext Brussels
Greenyard Naamloze Vennootschap (NV)

Date: **28-Dec-2017**	Closing Price: **€19.90** (US$ 23.90)	Recommendation: **BUY**
Ticker: **GREEN:BR (Reuters)**	Target Price: **€24.00** (US$ 28.80)	Upside Potential: **20%**

Figure 1: Market Profile:

52-Week Low / High	€14.45 / €22.14
Average Daily Volume	60,858
Shares Outstanding	44.372m
Free Float	**38%**
Market Cap	€892.1m
Dividend Yield 2017	0.78%
Enterprise Value	**€1,232.8m**
Current EV/EBITDA	**7.7x**

Source: FactSet (30/12/2017)

Figure 2: Expected Total Return:

Share Price Today	**€19.90**
Implied Share Price Today	€22.00
Cost of Equity	9.23%
Price Target 1-Year	€24.00
Capital Gain per Share	€4.10
Capital Gain (%)	**20.60%**
Expected Dividend per Share	€0.20
Expected Dividend Yield (%)	**1.01%**
Total Return (%)	**21.61%**

Source: Team research

Figure 3: Greenyard's Material Changes:

	2018e	2019e	2020e	2021e
Sales Growth	1.19%	2.90%	2.15%	2.18%
REBITDA margin improvement	1.57%	7.68%	0.73%	0.78%
NFD/EBITDA evolution	17.39%	-22.22%	-14.29%	-22.22%
Normalized EPS growth	-10.14%	45.05%	14.79%	5.97%
ROCE evolution	-23.83%	14.96%	4.28%	4.72%
Cash Conversion Cycle (# of days)	-12.34	-11.78	-11.32	-10.87

Source: Team research

Greenyard, an investment that will bear fruit.

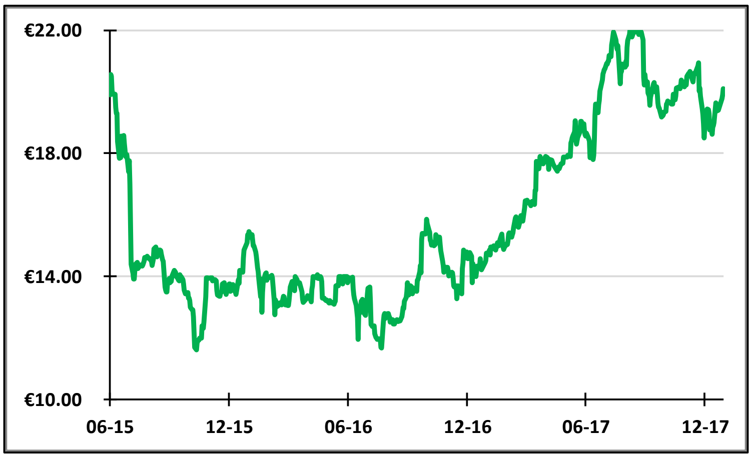
We issue a BUY recommendation for Greenyard NV with a 12-month target price of €24.00, suggesting a 20% upside potential. The implied fair value, as explained in the valuation section, is obtained through an average of the Discounted Cash Flow, Sum-of-the-Parts and Multiples valuation methods.

Following a thorough analysis for the company and its environment, we based our recommendations on the following factors:

- **A share price at a discount and strong estimated financial results indicate a strong BUY.** Greenyard is currently trading at an EV/EBITDA discount of 15% compared to peers. The implied fair value for today of €22.00 and our 1-Year target of €24.00 suggest upside potential of more than 20% (*Figure 2*). Our analysis estimates a sales CAGR of 2.22% and a REBITDA CAGR of 3.83% between 2018e and 2022e, leading to an increase in normalized EPS over time to reach an all-time high of €0.81 in 2022e. The Net Financial Debt/EBITDA ratio *(Figure 3)* is expected to improve over time thanks to their positive cash generation with an FCF yield expected to increase to 1.88% in 2020e. (Appendix B5)
- **Favourable market trends could reward Greenyard's sustainable Business Model.** Despite being mature, we expect the F&V market to outperform for the coming years, driven by consumers in search for a healthier lifestyle and looking to spend less time cooking, which favours therefore more convenient and higher quality F&V, Greenyard's Research and Development focus. The logistical funnel, customer-based pull model and a vertically integrated value chain ensure the company to provide retail customers with a unique total offering which is a key driver of differentiation in the industry.
- **Ample M&A opportunities to consolidate a fragmented market**
Greenyard is one of the largest global companies in F&V (sales higher than €4bn), a fragmented market (estimated at €133bn) which provides ample M&A opportunities. As Greenyard targets players whose presence is global or in new markets, and with business to which Greenyard did not have prior exposure to, acquisitions are expected to generate synergies, driven by cross-selling and cost savings. We believe that the company continues to be conservative with M&A to realize accretive acquisitions. The low current ND/EBITDA ratio of 2.3x and positive FCF generations of around €80m-90m in 2019-2022e (Appendix B5) would allow Greenyard to rapidly deleverage post-merger.

The company is also exposed to some risks that might affect our BUY recommendation. Potential adverse climate conditions causing product shortages might harm the company supply. Moreover, unfavourable market conditions might result in lower demand for F&V.

Figure 4: Share Price Evolution:



Source: Google Finance

Latest News:

Greenyard announced to end negotiations to acquire Dole Food Company without a definitive agreement: (5 January 2018)
Earlier, on 19 December 2017, Greenyard announced its advanced negotiations to acquire Dole. The valuation was rumoured at €2.1bn, implying a 11.6x EV/FY2016 EBITDA for Dole and the deal was likely to be significantly financed by equity to keep the ND/EBITDA ratio around the historical high of 4.0x. Even though no agreement was reached, the deal suggested a strategic move of Greenyard as a successful negotiation would have led to a direct penetration of the U.S. market, doubling Greenyard's revenue (€8bn) and making the company the leading global F&V player.

Source: Press releases and team research

Business Background:

Greenyard Foods NV (GREEN), listed on Euronext Brussels, is a global leader in the Fruits and Vegetables (F&V) market with a share of more than 3% and a turnover higher than €4bn. Greenyard's three major business lines are Fresh F&V, Prepared and Frozen (Long Fresh) F&V and Horticulture (*Figure 5*). Greenyard Foods NV was founded in 2015 through the merger of 3 companies owned by Hein Deprez (Univeg, founded in 1987, Greenyard Foods (ex-Pinguin), founded in 2013, and Peatinvest, founded in 1997).

Greenyard Fresh (ex-Univeg, 81% of sales revenue): this division is the most important business line of the brand, with a REBITDA contribution of 55%. Greenyard Fresh is a global player (*Figure 6*) that leads the European market and is N°3 worldwide. The company provides mostly retailers with fresh F&V and has 25 out of the 30 largest food retailers as loyal customers (e.g. Ahold Delhaize). The company has secured its position thanks to long-term contracts, a worldwide network of growers and advanced logistics that allow their products to reach customers at the right moment and in a fresh condition. Innovation efforts are focused on more convenient products and on an enlargement of the current range of products.

Greenyard Long Fresh (17% of sales revenue): this division consists of two segments, jointly reported. Its REBITDA contribution accounts for more than €25m (*Figure 7*), 38% of group REBITDA. It also provides a competitive advantage to Greenyard by reducing the impacts of seasonality.

- ***Greenyard Prepared*** (ex-Noliko)
  This segment is the N°4 in Europe and mainly consists of freshly harvested F&V that are processed into preserved food products. Those products address the needs of modern-day consumers. The variety goes from F&V in cans to pouches and glasses. Most of the canned products are sold under the distributor's brand even though the company has started acquiring other brands to be sold to the end consumer and wants to further extend the ready-to-eat products like soup, pasta and sauces.

- ***Greenyard Frozen*** (ex-Pinguin)
  This segment is the N°2 in Europe for freshly harvested F&V that are processed into frozen food products. The focus of this business line is on easy storage and on little preparation time. Furthermore, consumers can use the amount they need and store the rest. It brings two thirds of the revenues of the Long Fresh division.

Greenyard Horticulture (ex-Peatinvest, 2% of sales revenue): this division aims to offer tailored solutions for customers that allow them to improve quality and efficiency. They operate in the B2C as well as in the B2B segment, with a total REBITDA contribution of 7%. The customer base includes cities with the ambition of becoming greener. As number 3 in the European market, the horticulture business line is also a major actor in its market. In December 2017, the company has also confirmed the acquisition of Mykogen, a Polish company. This acquisition should allow the company to increase its market share as well as its REBITDA contribution (+8% expected). Greenyard believes that this business line is a major competitive advantage as it allows them to acquire and develop personal links with farmers, the company's key suppliers for the two largest activities.

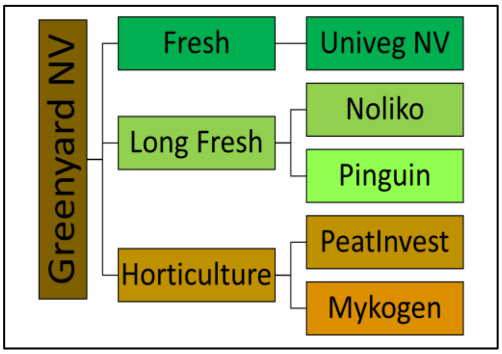
Strategy & Business Model:

Greenyard's vision is "to make lives healthier by helping people enjoy fruit and vegetables at any moment, in an easy, fast and pleasurable way, whilst fostering nature". Their Unique Selling Proposition (USP) is reflected in what they call the "logistical funnel" (*Figure 8*). Their business approach based on a "pull model", has been disruptive in the industry for many years and challenges the traditional "push model". A "pull model" delivers goods based on customers' actual needs whereas as "push model" produces based on anticipations. The starting points for this model are the customer requirements, that are communicated through a narrow relationship with retailers. Based on this information, Greenyard then offers the desired products in the right condition at the right time thanks to its operational excellence.

In addition to the previous points, Greenyard has other competitive advantages as follows:

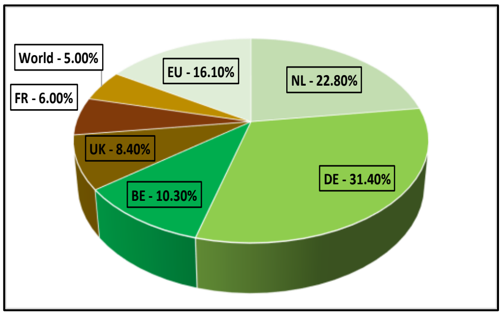
- Best-in-class products: High quality standards
- Market-leading innovation: Improving variety and choices
- Europe's leading retailers as customers: Reliable customer base
- Integrated value chain: Vertically integrated business model

Figure 5: Greenyard Corporate Structure:



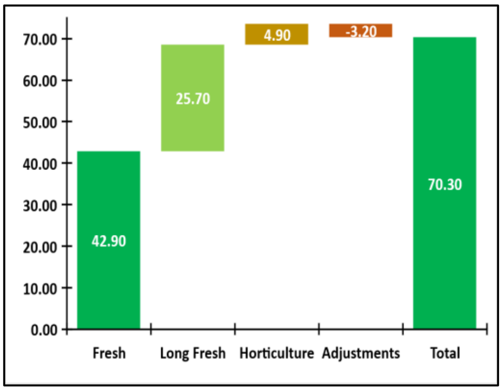
Sources: Greenyard annual report FY16/17 and press releases

Figure 6: Revenue Breakdown per Country FY 16/17:



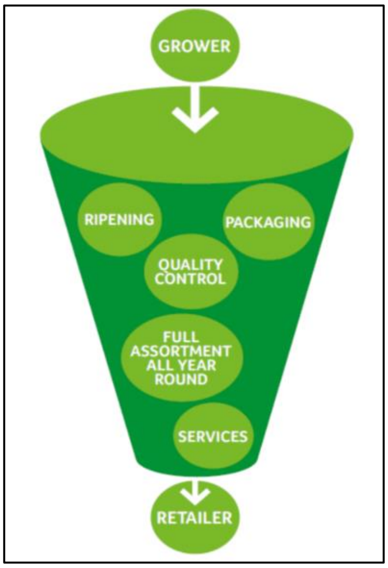
Source: Greenyard annual report FY16/17

Figure 7: REBITDA Breakdown H1 17/18:



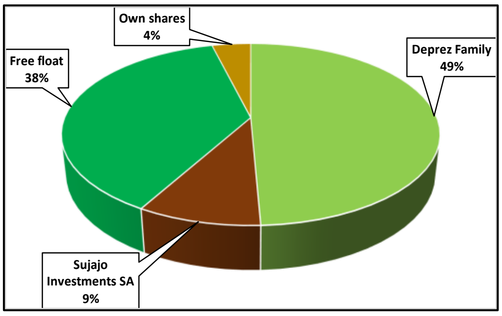
Note: Figures in €m
Source: Greenyard half-year report FY17/18

Figure 8: Logistical Funnel:



Source: Greenyard annual report FY16/17

Figure 9: Shareholders' Structure:



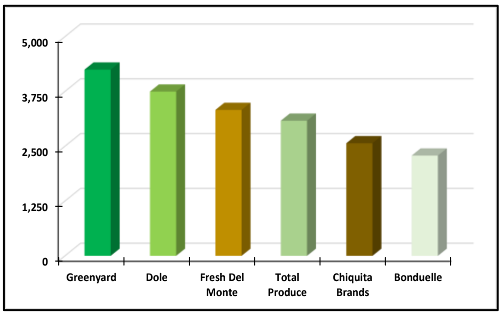
Note: Free float and own shares have been corrected following the changes over the last semesters.
Source: Greenyard annual report FY16/17 and press releases

Figure 10: Management Team:

Name	Position held	Experience
Hein Deprez	Executive Chairman	7 years
Marleen Vaesen	CEO MD of Fresh	4 years 2,5 years
Karl Peeters	Chief Financial Officer	1,2 years
Hans Luts	Managing Director of Frozen Division	2,5 years
Dominiek Stinckens	Managing Director of Prepared Division	2,5 years
Stefaan Vandaele	MD of Horticulture Segment MD of Fresh Growth Markets	2,5 years

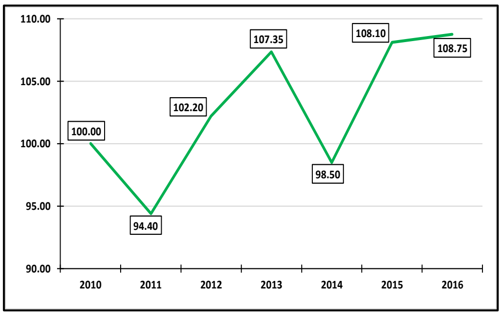
Source: Bloomberg

Figure 11:
Major Players in the Industry per Sales:



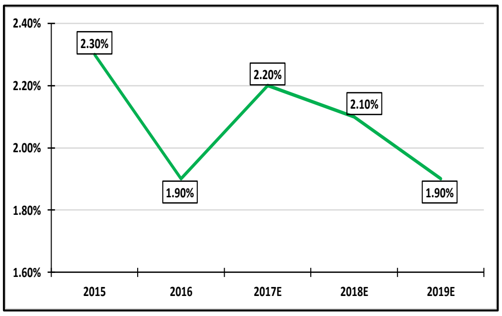
Note: Last reported figures in €m (exchange rate 04/01/18)
Source: FactSet

Figure 12: Nominal Price Evolution F&V (EU):



Note: Output (2010 = 100).
Source: Nominal Index Eurostat (01/09/2017)

Figure 13: Prospective Real GDP Growth Rate (Europe)



Source: European Commission

Environmental, Social and Governance (ESG):

Sustainability is fully integrated in Greenyard's vision and mission.

The company wants to reduce the environmental impact of all its activities by optimising the consumption and reducing the waste of all resources consumed in the value chain in order to provide customers with high-quality and sustainable products. This goes beyond the production and also applies for example to transport and packing. During the production process, they control and measure water consumption with advanced technologies and re-use residuals of F&V to produce fertilizers or animal food. They also constantly aim to use renewable energies and participate in sustainability initiatives. Finally, the group works on a sustainability report for the upcoming year that highlights alternative performance indicators related to the environment, human rights or diversity.

Adequate and transparent corporate governance.

The current board of directors as per 31 March 2017 consists of 11 directors, where 3 of them are executive directors (without additional compensation) and 3 are independent. The current CEO is Ms Marleen Vaesen, the CEO of Greenyard Foods before the merger in 2015. Managing directors of each division (*Figure 10*) previously held various management positions in the merged entity, except for the Fresh one. The executive chairman is Deprez Invest NV represented by Hein Deprez based on the company code. Apart from the Audit-, Nomination-, Strategic- and Remuneration committee, there are two ad-hoc committees focusing on the group's financing structure and on the share buyback program. Greenyard has a corporate governance charter, dealing code for inside information, a code of conduct, long-term incentives for executives and transparency disclosures.

Industry Overview:

Greenyard operates in the Consumer Goods industry, producing Food Products. The industry consists of Consumer Staples firms. It is a defensive industry, meaning that overall business cycles have a lower impact on the stability of the market.

Industry Dynamics

The European F&V market, estimated at €133bn, is a fragmented market with a high concentration of small and local firms.

The market is in the mature stage of the industry lifecycle. Consequently, it is quite saturated, while there are many opportunities for M&A and consolidation, high barriers to entry due to brand loyalty and low-cost structures. This provides opportunities for well-established companies to gain market share by external growth. The main players worldwide are Dole, Greenyard, Fresh Del Monte and Total Produce (*Figure 11*).

Supply is impacted by seasonality, mainly due to weather conditions.

Consequently, the F&V supply is characterized by peaks and lows that impact the output prices *(Figure 12)*, especially for Fresh F&V. Indeed, its production peak occurs between March and June even though the sales are quite stable throughout the seasons. With a view to reducing waste and controlling costs, a company must take a closer look to its working capital needs as well as its inventory management process. A good understanding of this process will allow the producer to supply its customers with an adequate level of products and to avoid waste or inventory costs.

An industry with a stable profitability and turnover growth history.

According to "The Competitive Position of the European Food and Drink" report by the European Competitiveness and Sustainable Industrial Policy Consortium (2016), the F&V sector had a stable profitability with a gross margin around 9% (gross margin around 8% for Greenyard) and CAGR of 2.30% between 2008-2012, while the overall food and drink industry has experienced a slowdown. This stability is mainly explained by stable input costs, around 80% of turnover. Furthermore, labour productivity has slightly grown and has reduced the labour force in the industry by 1.6% between 2008 and 2012. Compared to other continents, Europe's F&V sector has the highest turnover and number of companies, followed by the U.S.

Macroeconomic Growth Drivers

Positive economic outlook for both the U.S. and Europe.

Based on the European Commission's estimates (2017), Europe's real GDP growth is expected to be 2.2% in 2017, 2.1% in 2018 and 1.9% in 2019 (*Figure 13*), driven by resilient private consumption, stronger global demand, and falling unemployment. Furthermore, the accommodative monetary policy of the European Central Bank as well as expected expansionary fiscal policies in member states confirm the trends. OECD estimates (2017) indicate a similar positive outlook for the real GDP growth in the U.S, with yearly growth rates between 2.2 % and 2.5 % until 2019. Given the fact that F&V are staple consumer goods, an increase in purchasing power should increase the consumption of F&V products, especially for those with high quality.

Positive population growth for the U.S., but slightly negative for Europe (Figure 14). Naturally, the F&V industry benefits from population growth. Based on estimates from Worldometers (2017), the population in Europe is expected to decrease from 743m in 2020e to 716m in 2050e (-3.8%). On the other side, population in the U.S is expected to increase 27% from 314m in 2012 to 400m in 2051e (U.S Census Bureau, 2012).

Key Trends in the F&V Industry

Boom in demand for organic & healthy food

According to a report from TechNavio (2016), the European organic Food and Beverages market is expected to grow at a CAGR of 7% from 2016-2020, 3.5x the average annual turnover growth of +-2% for the European Food and Beverages market between 2009-2017 (Eurostat, 2017). The term "organic" refers to "sustainable agriculture, high-quality products, and manufacturing processes that do not harm the environment or plants". It is currently unclear how many of Greenyard's products actually match the term organic as the company does not provide details on this product class. Consumers take more responsibility for their health condition according to Nielsen's Global Health & Wellness Survey (2015). 88% of the 30,000 surveyed individuals would pay more for healthier food, with increasing interest in fresh, natural and organic food.

Low current F&V consumption and increasing number of vegans may lead to reduced consumption of meat in favour of F&V.

Based on the HICP of 2017 (ECB, 2017), only 3% of the income are spent on F&V whereas 3.5% are spent on meat. The World Health Organization (WHO) recommends a minimum of 400 g of F&V per day, a level far above the current consumption of +- 250 g. This trend indicates a strong upward potential for the consumption of F&V that would lead to a shift in demand within the food industry and an increase in sales (*Figure 15*). The Vegan Society in collaboration with Vegan Life Magazine (2016) carried out a survey that states that the number of vegans in the United Kingdom grew from 150,000 to 542,000 during the last decade, an increase of 360%. Rise of the Vegan (2017) states that there has been a 500% increase in veganism since 2014 in the U.S., being the number 1 trend in the food industry. They estimate that 6% of the Americans are vegans.

Modern consumers want more convenience.

A last trend in the industry will not increase the total F&V market but rather decrease demand for unprepared F&V and increase demand for convenient and prepared F&V. This trend is caused by changing cooking habits (Greenyard, 2017), with cooking time continuously decreasing from 60 minutes in 1980 to only 32 minutes in 2013.

Greenyard's position in the Value Chain

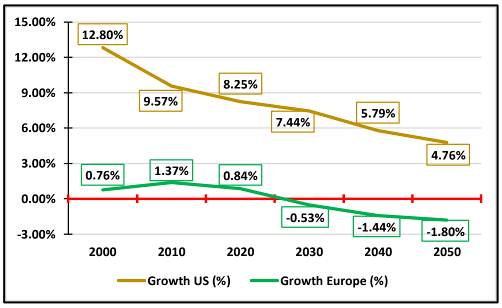
In line with its mantra, Greenyard has control "from field to fork" and is nearly the only actor in the market to propose a complete range of products to retailers and to manage all the steps of its supply chain. They have a wide network of strategic partners and growers for which they provide support. Greenyard has teams close to the fields, based in harvesting regions, in order to help growers with their tasks. Greenyard controls the total supply chain for 25 out of the top 30 retailers in Europe (retailers account for 89% of sales revenue, e.g. Aldi, Ahold Delhaize, Lidl, Carrefour, Tesco). Clients of the Horticulture operations are also growers, including their own partners. The company stands at this leading position in the market because of its close collaboration with the retail customers, which is key to providing services and products they require. Their close relationship with the growers at the other side of the value chain makes it possible to quickly realize these requirements. Between the Farmer and retailers, the two extremes of the value chain, Greenyard is realizing the operations internally with a vertically integrated supply chain. Inbound and outbound logistics are performed by strategic transport partners or by its own fleet.

Greenyard's Competitive Position

As a large company with an innovative business model, Greenyard has a strong position within the industry, even though rivalry and threats of substitutes are high (Figure 17).

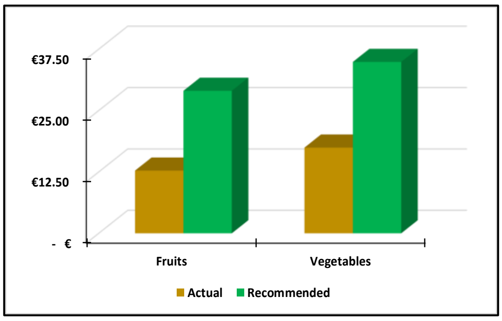
The nature of rivalry today is broader than the traditional price-only competition, because other distinctive features like taste, health factors and innovation now play a significant role. Greenyard's strategy, with a focus on convenience, product innovation & diversification as well as the "pull model", matches this transformation of the industry. Nevertheless, Greenyard sells most of its products without its own label (>80%), which lowers the final consumer loyalty for the company's products. Furthermore, bargaining power of suppliers is quite low while that of consumers is high. Due to the fragmented nature of the market and slow growth, acquisitions are likely to take place and, combined with other factors like economies of scale, new potential entries are discouraged. Key trends like an increased demand for convenience, quality and innovation are already embedded in its strategy.

Figure 14: Population Growth per decade:



Source: Worldometers and U.S. Census Bureau

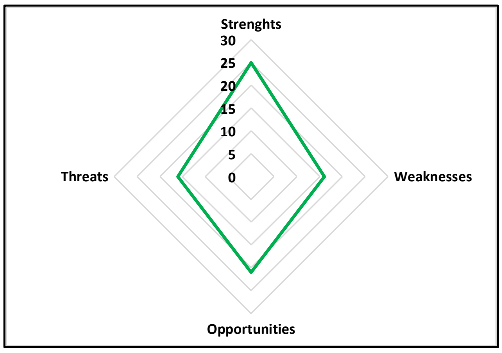
Figure 15: Current vs Recommended Consumer F&V Spending:



Note: Per €1000 spent, computations can be found in Appendix A1.

Source: World Health Organization, European Central Bank and company presentation

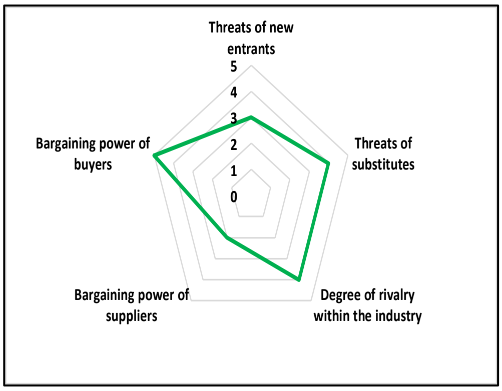
Figure 16: SWOT Analysis:



Note: SWOT has been computed by attributing a weight to the likelihood and the severity of impact of each component (0 being insignificant, 6 being disruptive). The complete SWOT can be found in Appendix A3

Source: Team research and company presentation

Figure 17: Porter's Analysis:



Note: Porter's analysis has been computed by attributing a weight to each component (0 being insignificant, 5 being very high). Complete analysis can be found in Appendix A2.

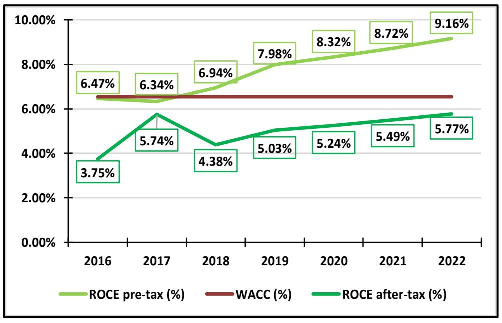
Source: Team research and company presentation

Figure 18: Greenyard Expected Total Return:

Share Price Today	**€19.90**
Implied Share Price Today	€22.00
Cost of Equity	9.23%
Price Target 1-Year	€24.00
Capital Gain per Share	€4.10
Capital Gain (%)	**20.60%**
Expected Dividend per Share	€0.20
Expected Dividend Yield (%)	**1.01%**
Total Return (%)	**21.61%**

Sources: Team research

Figure 19:
Comparison between the WACC and the ROCE:



Source: Team research

Figure 20: Major Transactions Track Record:

Year	Acquiree	Type	Division
2017	Mykogen	Acquisition	Horticulture
2017	Nesterovskoye	Acquisition	Horticulture
2017	Bardsley Farm	Joint venture	Fresh
2017	Agritalia	Associates	Fresh
2016	Lutèce	Acquisition	Long Fresh
2015	PeatInvest	Merger	Horticulture
2015	Univeg	Merger	Fresh

Note: Only post-merger transactions considered.
Source: FactSet Mergerstat and company annual report FY16/17

Figure 21: Consolidated Pre-Merger Income Statement (2013 & 2014) versus Consolidated Merged Income Statement (2016):

Year	2013	2014	2016
Turnover	3811.99	3953.88	3967.30
COGS	3509.60	3638.21	3622.36
Gross Profit	302.39	315.67	344.94
SGA	187.18	193.23	208.74
Year	2013	2014	2016
REBITDA	**115.21**	**122.44**	**136.20**
REBITDA margin	*3.02%*	*3.10%*	*3.43%*
REBITDA margin growth		*2.46%*	*10.86%*
Dep & Amo	50.50	59.16	54.66
EBIT	64.71	63.28	60.42
Interest	53.95	56.24	43.83
Taxes	6.00	6.09	12.36
Net Results	**18.41**	**15.43**	**17.00**

Note: FY 2014/2015 not included due to the change in closing date for FieldLink and Peatinvest. Figures in €m
Source: Consolidated Financial Statements of FieldLink, PeatInvest and Greenyard Foods

Investment Thesis:

We issue a BUY recommendation for Greenyard NV shares with a 1-Year target price of 24.00 €.
This price is derived from the implied share price of €22.00, capitalised one year ahead with a cost of equity of 9.23 %. The implied share price for today, as explained in the valuation part, is obtained through an average of the DCF, SOTP and Multiples valuation methods. This 1-Year target would provide an upside potential of more than 20% based on our most recent share price observation of €19.90 (*Figure 18*).

A share price at a discount and strong estimated financial results indicate a strong BUY.
Since the merger in 2015, Greenyard has been continuously trading at a discount with an EV/EBITDA multiple being 15% lower than the peer average (Appendix B11) and an EV/Sales multiple indicating a discount of 25% (Appendix B12) in November 2017. In addition to being relatively undervalued, our estimates suggest a strong financial performance and position of Greenyard in the future.
We expect Greenyard's normalized EPS to increase over time, reaching an all-time high of €0.81 in 2022e (CAGR +12.98% for the period 2018-2022e). This growth is supported by expected increases in sales (+2.22% CAGR) and REBITDA (+3.83% CAGR) thanks to improvements in the product mix and innovation with more value-added products. A negative Cash Conversion Cycle ensures liquidity and a continuous deleveraging, with an expected net debt-to-equity ratio of 22% in 2022e limiting the insolvency risk of the company. The ND/EBITDA improves year over year, to reach the low of 2.1x in 2022e.

Promising market trends favour Greenyard's Strategy and Business Model
Regarding end customers, a current consumption of F&V (+/- 250g per day) which is far below the recommended minimum amount of 400g and growing global health awareness are key growth drivers. Also, a boom in veganism as seen in the U.S (500% increase since 2014) is likely to result in more demand for F&V. In addition to the healthy lifestyle tendency, customers require product diversification and more convenience in terms of cooking time. Consequently, the F&V market may bring growth rates that might outperform growth expectations of a mature market.
Those requirements are met by Greenyard thanks to its innovation focus, its Ready-to-Eat and Easy-to-Use solutions and the development of its 5-S model in Frozen (Appendix A4). A global presence in more than 80 countries, together with 22 production sites, 34 distribution centres and a link with more than 800 farmers suggests a strong vertically integrated value chain, one of Greenyard's main competitive advantages. The company's customer base includes 25 out of the top 30 retailers, whose needs constantly evolve. As retailers prefer a total offering with fewer supplier interactions and consider a successful fresh offering as a key to their differentiation strategy, Greenyard's Pull Model and integrated supply chain ensure the company to satisfy these needs and strengthens its relationship with retailers.

Continuous hunger to seize M&A opportunities.
Greenyard is a global player in a fragmented market which suggests ample opportunities to consolidate the market through M&A. Indeed, Greenyard is an active acquirer with an impressive M&A track record *(Figure 20)*. Greenyard targets companies with strong retail and grower connections in markets where Greenyard's current presence is insignificant such as Eastern Europe or America. In addition, the company strictly respects financial criteria, such as targets without valuation multiples higher than the ones of Greenyard and that acquisitions do not lead to any substantial change in its capital structure. Following these criteria, Greenyard would likely realise accretive M&A deals thanks to synergies from direct market penetration, cross-selling, tax rate reductions (from 42% to an expected 37%) and cost savings in transport, packaging or refinancing debts.
For instance, Mykogen was recently acquired at 6.9x EV/FY2016 EBITDA which is far below Greenyard's current level of 7.7x. Mykogen is the market leader with top-quality mushroom growing medias in Poland, with an EBITDA margin of 35% and a sales CAGR of 8%. Consequently, the Mykogen acquisition means a greater presence in Poland and should boost the company's EBITDA by €19m after 2022e (Appendix 14). The synergies generated by the merger of Univeg, PeatInvest and Greenyard Foods in 2015 also resulted in an increase of 10.86% in REBITDA margin *(Figure 21)* as well as a sharp decrease in Working Capital Requirements of 57m between FY2015/2016 and FY2016/2017. Although Greenyard did not reach an agreement to acquire Dole Food Company, Inc., the negotiation suggests its ambition to expand into the US market through a strategic acquisition. Its ability to realise accretive acquisitions are supported by our analysis of the potential impact of a Dole acquisition in case of a successful deal in the last section of the report.

Financial Analysis:

Before taking a closer look at the financials, we want to highlight the fact that we decided to present our financial statements by function, as permitted by IAS 1. Consequently, all direct production costs, except Depreciations & Amortizations are included in the Cost of Goods Sold.

Stable growth in revenues and stable REBITDA margin for Fresh, the largest business unit. Even though volatility has impacted Fresh sales over the past two years (-1.86% FY15/16, +5.45% FY16/17, -2.5% H1 17/18), we believe a positive trend is foreseeable in the future. As past volatility can be explained by one-time events such as foreign exchange rate pressures due to Brexit or the loss of a major German client in 2016, we do not consider that such events are likely to impact the company in the long run.

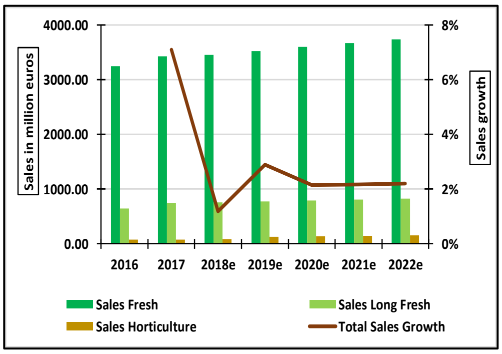
Thanks to a stronger product mix driven by an increasing demand in exotic and ready-to-eat products, Fresh revenues should continue to increase and generate positive cash flows for the company. Thanks to its proximity with suppliers and its unique business model, Fresh managed to maintain stable REBITDA margins over the last two years (2.30% on average). Indeed, the division was able to compensate each downturn by better cost efficiency, improved logistics or costs passed through to suppliers. Consequently, we assume that margins should remain stable in the long run.

Synergies developed by the acquisition of Lutèce should continue to drive revenues up. The acquisition of Lutèce drove sales up by €108.1m during FY16/17. Excluding acquisitions, sales increased thanks to higher volumes and an improvement of the product mix. Due to adverse weather conditions and a heavy pressure on prices, the results of H1 17/18 were significantly lower Year-on-Year (-2.6%). However, we assumed that this result should be offset in H2 and that a steady growth rate should drive revenues up thanks to synergies developed by the acquisition of Lutèce and due to an increase in the mushroom activities that underperformed so far. We believe that a long term REBITDA margin of 7.6% is an achievable as price pressures, competition effects and a lower margin contribution of Lutèce should be offset by operational efficiency improvements resulting from ongoing investments.

Strong expected growth for Horticulture in a booming market with high added value. Horticulture is currently the smallest contributor in terms of sales for Greenyard. However, recent acquisitions (Nesterovskoye and Mykogen) show that this division might be a key focus area for the management. Following an increase in sales of more than 3% during FY16/17, we believe that the sales should continue to improve in the foreseeable future thanks to organic growth driven by innovation, new contra-cyclical winter products and synergies generated by the two acquisitions. Following the approval of the acquisition of Mykogen, we have consolidated revenues as from December 2017. Consequently, the impact of this acquisition is limited for FY17/18e. For this industry, the REBITDA margin is high, more than 13% in FY16/17. Cost control and ongoing efficiency improvements further supported margins. With the addition of Mykogen, which has a reported EBITDA margin of 35%, margins of Horticulture are expected to grow in the near future. On the other hand, the REBITDA margin for the H1 FY17/18 dropped, reaching 12.9%, mainly due to a temporary deterioration of the product mix as well as to unfavorable harvest conditions in the summer period. Additionally, transportation costs slightly increased after the exceptionally low levels of the previous year. This should not put a curb on the continuous improvement in terms of the division's sales.

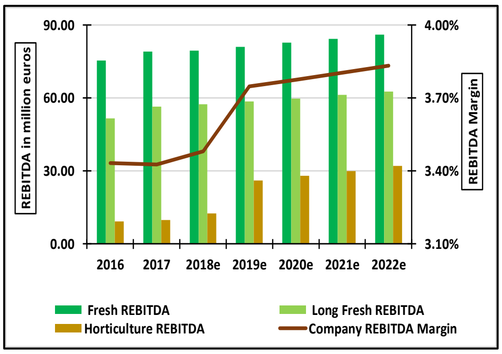
Simplified corporate structure should lower the tax rate and improve EPS. Effective Tax Rate has sharply decreased between FY15/16 and FY16/17. However, this decrease is mainly related to deferred tax assets and one-time tax advantages. Over the long run, the "Tax Committee" aims to streamline the corporate structure and should entitle Greenyard to benefit from a lower tax rate, targeted around 37%. As the income tax for H1 17/18 implies with an Effective Tax Rate of 37.3%, we believe that this target is realizable for the foreseeable future and assume a tax rate of 37% for the subsequent period. Consequently, EPS are expected to sharply grow in the future, with a CAGR of more than 13% for the 2018-2022 period.

Figure 22: Sales Forecast:



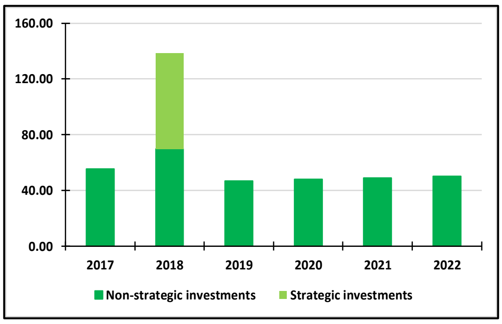
Note: M&A growth included in Total growth.
Source: Company annual report FY16/17 and team research

Figure 23: REBITDA Forecast:



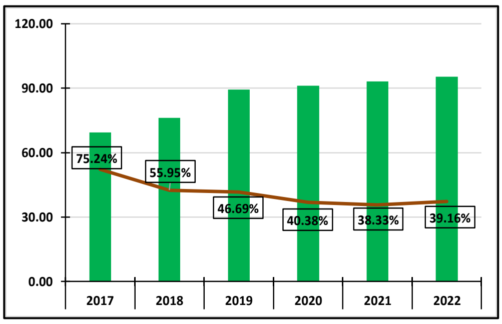
Source: Company annual report FY16/17 and team research

Figure 24: Capital Expenditures:



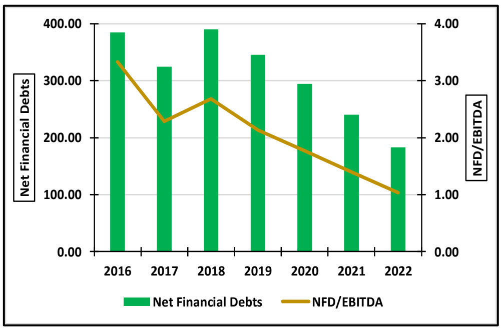
Note: Figure in €m, Investment Schedule can be found in Appendix B3.
Source: Company annual report FY16/17 and team research

Figure 25: EBIT versus Interest Expense:



Note: Figure in €m, Detailed Profit and Loss Account can be found in Appendix B1.
Source: Company annual report FY16/17 and team research

Figure 26: Net Financial Debt and NFD/EBITDA:



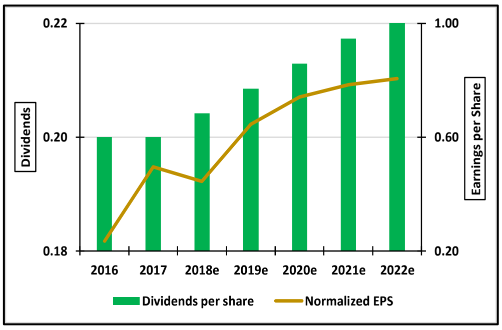
Source: Company annual report FY16/17 and team research

**Figure 27:
Common Size Working Capital Requirements:**

Eur '000 000	2016	2017	2018	2019	2020	2021	2022
Inventory	14%	15%	14%	15%	15%	16%	16%
Trade debtors	13%	11%	11%	11%	12%	12%	12%
Others	5%	5%	5%	5%	5%	5%	5%
Prepaid	0%	0%	0%	0%	0%	0%	0%
Operating Current Assets	**32%**	**31%**	**30%**	**31%**	**32%**	**33%**	**34%**
Trade creditors (L&S)	30%	32%	31%	32%	33%	33%	34%
Other creditors	6%	6%	5%	6%	6%	6%	6%
Others	0%	0%	0%	0%	0%	0%	0%
Operating Current Liabilities	**36%**	**38%**	**37%**	**38%**	**38%**	**39%**	**40%**
Working capital requirement	**-4.2%**	**-7.3%**	**-7.0%**	**-6.9%**	**-6.8%**	**-6.7%**	**-6.6%**

Note: Complete balance sheet can be found in Appendix B2.
Source: Team research and company annual report FY16/17

**Figure 28:
Dividends and Earnings per Share:**



Source: Company annual report FY16/17 and team research

Figure 29: DuPont Analysis:

Year	2018	2019	2020	2021	2022
Profit Margin	0.46%	0.65%	0.73%	0.75%	0.76%
Asset Turnover Ratio	3.81	4.00	4.18	4.38	4.60
Return on Assets	**1.75%**	**2.59%**	**3.04%**	**3.30%**	**3.49%**
Equity Multiplier	1.58	1.50	1.42	1.34	1.26
Return on Equity	**2.75%**	**3.88%**	**4.32%**	**4.43%**	**4.40%**

Source: Team research

*A negative CCC is positive for the Company and means that the Working Capital Requirement is negative. This negative CCC offsets the slightly negative Working Capital and results in a positive short-term Cash Balance.

Acquisition of Mykogen should increase the net debt in the short run, deleveraging expected for the future.

Following the merger of the three entities forming Greenyard, management's goal is to deleverage the company with a view to having more means to fund future acquisitions. Consequently, the Net Financial Debt (NFD)/EBITDA ratio dropped between FY15/16 and FY16/17 (-12.5%) despite important Capital Expenditures and the share buyback program. Indeed, those elements have been offset by strong operating performances in the three activities (group sales +7.11% and REBITDA +6.90%). However, the acquisition of Mykogen during FY17/18e has been funded by existing credit facilities. Consequently, we forecast an increase in net debt that should amount to €390m by the end of FY17/18e due to €93m invested in Mykogen (Assumption: 65% Tangible Assets and 35% Goodwill), implying a purchase price multiple of 6.9x EV/EBITDA LTM. For the future, we believe that Greenyard should be able to deleverage significantly to reach a NFD/EBITDA ratio close to 1x by the end of FY21/22e (*Figure 26*). Finally, the acquisition of Mykogen should help create synergies that should increase the cash flow of the company and help the company to deleverage faster.

Strong improvement in Working Capital Requirements should drive up the cash flow of in the future.

Since the merger in 2015, Greenyard's WCR (*Figure 27*) has dropped sharply thanks to a better management of accounts receivables at the corporate level. Due to its unique business model, its factoring syndicate and its experienced management team, the company has succeeded in establishing a negative WCR of around €150m for FY16/17. For the upcoming years, we do not expect improvements of that size. We also assume that, due to different balance sheet structures, Mykogen should negatively impact the WCR during FY17/18e. Due to its relative small size compared to Greenyard (around 5% of the total BS), we do not believe that the impact will be significant (+€1m FY17/18e). Going forward, we believe that the WCR should slightly increase due to the increase in volumes as well as a slight increase in receivables turnover (+0.57% per year) caused by a stronger negotiation power of consolidated retail players.

Stable dividend will generate additional return for investors.

For the FY15/16 and 16/17, a stable dividend of 0.20 euro per share (representing a payout ratio of 85,3% and 236,7% respectively) has been approved during the General Meeting of Shareholders. For years to come, we assume that this dividend should increase slightly with a view to balancing the negative impact of inflation. Consequently, we decided to grow dividends (*Figure 28*) by 210 bps per year, the expected inflation of the OECD. As the two previous payout ratios do not represent a normal situation, we assume a decreasing payout ratio over the years that should stabilize around 27% in the future. We consider that this assumption is realistic, as it is line with the payout ratios of other peers (Bonduelle 22% FY16, Total Produce 27% FY16).

Return on Equity growth, a promising ratio for the future of Greenyard.

Following the DuPont analysis (*Figure 29*), we expect a strong Return on Equity growth for years to come, albeit from a low base (2.75%). This growth will be driven mainly by an increasing profit margin and asset turnover ratio. The activity in which Greenyard is active, a low profit margin and capital-intensive business, we believe that the increase in operating efficiency happens thanks to the ongoing investment in operations and the investments in the Horticulture activities with higher profit margins compared to the Fresh or Long Fresh activities. Consequently, Return on Assets is expected to double for the period 2018-2022. On the other hand, the equity multiplier is expected to decrease for the same period because of the decrease in net capital employed and the increase in equity capital. This is the result of the reimbursement capacity of the company and its capacity to generate cash flows.

	2016	2017	2018e	2019e	2020e	2021e	2022e
Profitability ratios							
ROCE (after-tax)	3.75%	5.74%	4.38%	5.03%	5.24%	5.49%	5.77%
ROCE (pre-tax)	6.47%	6.34%	6.94%	7.98%	8.32%	8.72%	9.16%
Return on Equity	1.23%	0.53%	2.75%	3.88%	4.32%	4.43%	4.40%
Net Profit Margin	0.28%	0.09%	0.46%	0.65%	0.73%	0.75%	0.76%
Efficiency ratios							
Asset turnover	2.83	4.01	3.81	4.00	4.18	4.38	4.60
Inventory turnover (# days)	33.46	25.45	25.40	25.32	25.31	25.31	25.30
Trade Receivables turnover (# days)	30.28	19.03	19.03	19.14	19.25	19.36	19.47
COGS Payables turnover (# days)	70.25	55.29	55.17	54.68	54.33	53.98	53.63
Coverage & Solvency ratios							
Interest Coverage	1.67	1.33	1.79	2.14	2.48	2.61	2.55
Net Debt-to-Equity	52.87%	45.91%	54.47%	46.89%	38.72%	30.53%	22.50%
Liquidity ratios							
Current ratio	0.97	0.95	0.96	0.97	0.97	0.97	0.98
Quick ratio	0.62	0.56	0.58	0.58	0.58	0.58	0.58
*Cash Conversion Cycle (# days)**	-8.94	-12.40	-12.34	-11.78	-11.32	-10.87	-10.42

Source: Company annual report FY16/17 and team research

Valuation:

Methodology: with a view to setting a realistic target price for Greenyard, we have opted to use different valuation tools. First of all, we used a Discounted Cash Flow model (DCF) to assess the cash generation potential of Greenyard. Afterwards, we also analyzed Greenyard through a Comparative Peers valuation. Finally, we used a Sum-of-the-Parts (SOTP) using a Peer group for the Fresh and the Long Fresh division as well as a transaction multiple for the Horticulture. As a SOTP is relative due to its comparison with other companies, we decided to base our valuation on 3 scenarios (Low-Median-High) with a view to ensuring a realistic range of prices for the company. **By computing the average of those methods, we obtained an implied price of €22.00 per share** (*Figure 30)*.

For all models, we removed the net debt, the market value of minorities, the fair value of the defined benefit plans, the market value of conversion options and we added up the market value of equity stakes. To estimate the market value of minorities, we multiplied the Price Earnings Ratio of Greenyard in 2017 and the share of the result of non-controlling interests. To estimate the market value of equity stakes (*Figure 31*), we used an EV/Sales multiple as sales were the only public information available.

5-Year Discounted Free Cash Flow Analysis: implied price = €22.00/share

We valued the entire company following that method in order to better assess the growth prospects and the potential profit margin enhancement for Greenyard. As the company is leveraged, we are convinced that this model will reflect the reality of Greenyard's expected growth. As most of its business lies in the F&V industry, we decided to compute a DCF regrouping the 3 divisions. For a better understanding of the industry, we considered a three-stage DCF model (*Figure 32*) in order to take into account the evolution of the industry in the short, medium and long run. The FY ending in March, we adjusted the cash flows for a quarter. The developed model is dependent on the following assumptions:

- Sales growth:

Due to bad results linked to adverse weather conditions during the first semester in the Fresh and Long Fresh division, we reduced our expectation for 2018 by 1% of sales growth (minus 100bps). Moving forward, we are expecting a 2% CAGR for the period 2018-2022e for the Fresh Division. For Long Fresh, we anticipated a higher sales growth (CAGR 2.2%) thanks to the acquisition of Lutèce and a strong organic growth for convenience products. Finally, we are expecting a 15.6% CAGR for the Horticulture division following the acquisition of Mykogen. As Greenyard uses derivatives to hedge its cash flow, we assume that gross profits should remain quite stable over the years to come.

- Factoring adjustments:

To counter the impact of seasonality on Working Capital Needs, the company decided to contract with an international factoring syndicate. Even though it is considered as an interest expense in the financial statements of the company, we considered this expense as operating and subtracted it from REBIT. Because of its business model, Greenyard is mainly operating with large European retailers characterized by a low default risk. Consequently, we may argue that the fees paid to the factoring syndicate have the same features as a rebate to a customer. Going forward, we estimated that 50 percent of the amount of receivables should be cashed in through the factoring program, with an expected fee of 1%.

- Weighted Average Cost of Capital computation:

With a view to fairly valuing the company, the WACC (*Figure 33*) has been computed through a thorough analysis of the different historical data as well as the future macroeconomic trends. To be as conservative as possible, we implied a gross cost of debt of 4%, slightly higher (+25bps) than the last financial instrument issued by the company. Regarding the tax rate, we assumed that the company should be able to reach its objective by diminishing its tax rate to 37%. Regarding the cost of equity, we assumed an adjusted Beta of 0.68, using the daily historical data of the company. As Greenyard is mainly active on the European market, we used the Euro Stoxx 50 as benchmark. Regarding the risk-free rate, we used the Euro yield curve for AAA bonds. We chose to use the 30-year bond in order to ensure a conservative approach (*Figure 34*). We also decided to compute a country risk premium. As Greenyard is active in many countries in Europe, we decided to compute a weighted average following the revenue repartition (Appendix B10). We also decided to add the spread between the historical Equity Risk Premium and the Market Risk Premium to ensure a more conservative approach (Appendix B10). Finally, we used the Capital Asset Pricing Model to compute it.

Figure 30: Greenyard's Implied Share Price:

Method	Implied price	Weight
Discounted Cash Flow	€22.00	33.33%
Multiples	€20.00	33.33%
Sum-of-the-part	€23.00	33.33%
Implied share price	**€22.00**	100.00%

Source: Team research

Figure 31: Market Value of Equity Stakes:

Joint venture and Associates	Sales 2017	EV/Sales Fresh 2017	MV of Equity Stakes 2017
Grupo Yes Procurement	24.666	0.250	6.167
Logidis Sistem	20.396		5.099
Mahindra Univeg Private	4.718		1.180
Lunasoft	0.430		0.108
Agritalia SRL	5.800		1.450
Bardsley Farms Ltd	N/A		N/A
TOTAL	**56**		**14**

Note: Sales and MV are expressed in €m.

Sources: Financial statements FY 2016/2017 and team research

Figure 32: Discounted Cash Flows Summary:

Present value of Free Cash Flow	
Cumulative present value of 2018-2022 FCF	261
+ Present value of 2023-2031 FCF	451
+ Present value of 2031+ FCF	588
= Enterprise value	1,300
- Net Financial Debt/(cash)	324
- Market value of minorities	4
- FV of Defined Benefit Plans	19
- Market value of Conversion Options	26
+ Market value of equity stakes	14
= Estimated market value of equity	941
Number of shares outstanding	42.62
Fair value per share (EUR)	**22.00**

Note: Figures in m€, except for Fair Value per share.
Complete DCF model can be found in Appendix B5.

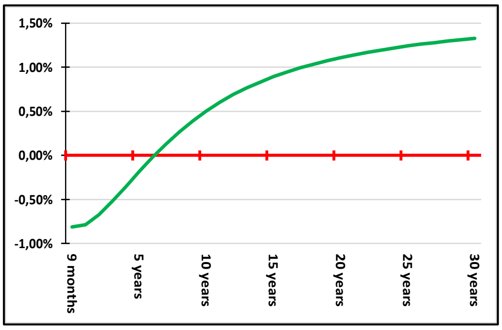
Source: Financial statements FY 2016/2017 and team research

Figure 33: Weighted Average Cost of Capital Computation:

Cost of debt before tax (%)	4.00%
Tax rate (%)	37.00%
Cost of Debt after tax (%)	**2.52%**
Risk free rate (%)	1.33%
Market risk premium (%)	4.34%
Spread between Equity Risk Premium and Market Risk Premium	700 bps
Country weighted risk premium (%)	0.18%
Beta	0.6857
Cost of equity (%)	**9.23%**
% Debt	40.00%
% Equity	60.00%
WACC (%)	**6.5447%**

Sources: Financial statements FY 2016/2017 and team research

Figure 34: 30-Year Euro Yield Curve AAA:



Source: European Central Bank

Figure 35: Greenyard Debt Structure:

Forecasted Debt Structure	2017	2018	2019	2020	2021	2022
Term loan	150	150	150	150	150	0
Revolver	10	79	34	145	90	0
Retail bond	150	150	150	0	0	0
Convertible bonds	125	125	125	125	125	0
Greenyard refinancing 12/2021	0	0	0	0	0	400

Note: Complete Debt schedule can be found in Appendix B4.

Source: Team research

Figure 36: Peer Multiples Target Valuation:

EUR	Factset Consensus	Peer group
EV/Sales	21.84	25.87
EV/EBITDA	18.26	22.88
EV/EBIT	15.66	13.70
Price-to-Book	18.20	28.13
Dividend yield	18.95	16.95
Average	18.58	21.51
Implied share price	€20.00	

Note: Complete Multiples Valuation can be found in Appendix B7.

Sources: FactSet and team research

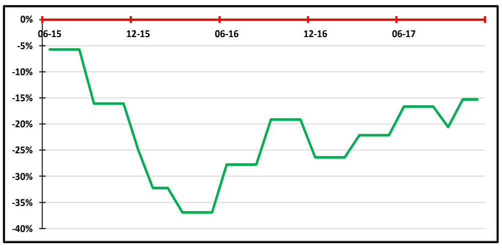
Figure 37: Sum-of-the-Parts Valuation:

Division	Valuation Method	Statistic	EV Low (EURm)	EV Median (EURm)	EV High (EURm)
Fresh	EV/**EBITDA** Peers	77.50	380.82	604.07	689.42
Long Fresh	EV/**EBITDA** Peers	55.96	413.65	597.50	650.03
Horticulture	EV/**Sales** Transaction	84.02	197.63	220.88	244.13
		Enterprise value	992.11	1,422.45	1,583.58
		Equity Value per share	14.85	24,95	28,73
		Implied share price	€23.00		

Notes: Complete SOTP can be found in Appendix B9.

Sources: FactSet and team research

Figure 38:
EV/EBITDA Historical Premium (Discount):



Note: Weighted average of Fresh and Long Fresh Peers. Detailed computation can be found in Appendix B11.

Sources: FactSet and team research

- Medium and long-term growth rate:

For the medium term (2023-2031e), we assumed a growth rate of 5 bps. Even though the trends are in favor of an increase in consumption of F&V, the market is mature and has a tremendous size. Consequently, we do not believe that the F&V market will soar in the next few years. In the long run, we believe that the market should remain stable (+0 bps), as the market is already mature. However, we do not assume that a downturn is possible in the food industry, and even more in the F&V subsegment.

- Greenyard refinancing:

As the current debt structure of the company should be fully reimbursed by December 2021e, we assumed that the company will refinance itself with a new €400m loan (*Figure 35*). Assuming the current debt structure of the company, we considered an interest rate of 4% for that loan (+25 bps of the latest financial instrument).

Multiples Analysis: implied price = €20.00/share

With a view to approaching the fair value of Greenyard's share, we decided to analyze a peer group for the following ratios: EV/Sales, EV/EBITDA, EV/EBIT, Price-to-Book value and Dividend yield (*Figure 36).* As for the DCF model, we also corrected the EBITDA and the EBIT for the factoring adjustment. We also decided to exclude the Price Earnings Ratio because of the high Effective Tax Rate the company is currently facing. We then compared our results with the consensus of the analysts to have a more conservative methodology. Indeed, during our analysis, we discovered that Greenyard was trading at a discount compared to its competitors when looking at EV/Sales (average discount of 25%), EV/EBITDA (average discount of 15%) and Price-to-Book (average discount of 35%). However, the stock is also trading at a premium when looking at EV/EBIT (average premium of 10%).

For the Long Fresh division, we included in our analysis: Bonduelle (FR), Nomad Foods (US), La Doria (IT), Premier Foods (UK) and Greencore Group (UK). As we did not find any peer for the Horticulture division, we decided to sum up its results with the Long Fresh division. For the Fresh division, we considered as peers: Fresh Del Monte Produce (US), Orsero (IT), BayWa (DE), Calavo Growers (US) and Total Produce (IE). As we analyzed the company as a whole, we decided to compute a weighted average based on the two peer groups. We based our expectations on a 50/50 repartition between those groups, following their REBITDA contribution. Regarding the EV/Sales, 80% were imputed to the Fresh division due to the current sales repartition of the company.

Sum-of-the-Parts Analysis: implied price = €23.00/share

To fully cover all the evolution possibilities of Greenyard, we also used a SOTP method to fairly value each division of the company. To remain as conservative as possible, we elaborated 3 scenarios (Low-Median-High) for each division (*Figure 37*). The "Low" scenario provides the lowest value the company could have, given by the lowest multiple of the peers. The "High" scenario provides the highest value the company may attain, given by the highest multiple of the peers. Finally, the "Median" scenario provides a median value the company could have, given by the median multiple of all peers. We then computed the average of the three scenarios to assume the implied price of Greenyard. Due to the lack of historical information about the company, we assumed that the three scenarios were equiprobable.

For the Fresh and the Long Fresh division, we used the EV/EBITDA ratio of peers. We believe that it is the best mean to compute the fair value of those divisions because it reflects the synergies generated by the previous M&A transactions and the improvement in the product mix decided by the management of the company. We also corrected the EBITDA of each division for the factoring adjustment based on the REBITDA contribution in the FY 16/17. Due to the lack of listed peers for the Horticulture division, we took a closer look at a transaction that happened recently. Following some research, we found two horticulture-related transactions:

- the acquisition of Syngenta, a Swiss media grow producer, by ChemChina, a Chinese chemical conglomerate.
- the acquisition of Agromillora Catalana, a Spanish horticultural player, by Investcorp, an alternative investment firm.

We decided to use the EV/Sales ratio as we firmly believe that the increase in sales will bring added value to the company. To fairly value the price of the company, we chose to apply a discount equal to the one at which Greenyard is currently trading compared to those peers (*Figure 38*). For the Horticulture division, we considered that the Horticulture division was similar to the Long Fresh one.

Investment Risks:

The risks presented hereunder could materially change the value of the company. To assess the impact and likelihood of the risks, we invite you to take a closer look at *Figure 39*.

Regulatory Risk:

- **Increased food safety and health-related regulation (RR1):** Many governments in EU could impose more stringent regulations of the food industry to improve the food safety. This might result in material increases in operating costs and a greater exposure to legal risks, posing a threat to the company's reputation.

Market Risks:

- **Unfavourable market conditions result in lower sales (MR1):** Unfavourable macroeconomic conditions such as low GDP growth and low population growth will result in lower demand for F&V. To mitigate such risk, Greenyard will enhance innovations and production/price mix to create high value-added products. We also believe that these adverse macroeconomic factors will partly be offset by a higher recommendation level of F&V consumption thanks to a growing awareness of a healthy lifestyle.
- **Foreign exchange rates (MR2):** During periods of changes in monetary policies in most of the biggest economies, Greenyard is bound to face fluctuations of the foreign exchange rates of the euro and the main foreign currencies, i.e., the US dollar, the British pound, Polish zloty and Czech koruna. To mitigate this risk, Greenyard's Corporate Treasury uses foreign exchange forward contracts like FRA's.

Operational Risks:

- **Adverse climate conditions cause product shortages and price volatility (OR1):** Greenyard's sales are severely damaged by harsh weather as they lead to a shortage of consumables and materials for productions and price increases. In fact, the company's unexpectedly low level of revenue in the first half of FY2017/18 is partly due to bad weather conditions. In addition, the partnership with independent growers limits the full control of Greenyard on the supply chain and then exposes them more to price volatility. As customers have strong buyer power, it is unlikely for Greenyard to pass on a price increase to them. A global spread of sourcing, good supplier relationship management and fixed price annual contracts mitigate the risks.
- **Loss of strategic retailers (OR2):** Greenyard faces a high customer concentration with top ten customers representing 70% of their sales. The loss of a key customer might considerably decline sales. We believe, however, that this is unlikely to happen given the fact that growers prefer a decrease in supplier interactions and a total offering.
- **Product liabilities (OR3):** Failure to strictly control the quality of products can lead to costly recalls, disposals and adverse publicity or even product liability claims. To prevent this from happening, the company applies HACCP and ISO standards and cooperates with key growers who provide the same commitment and compliance to the Group's quality standards and requirements.

The acquisition of Dole, a Possible Future F&V Giant:

On 19 December 2017, Greenyard announced its advanced negotiations to acquire Dole Food company, Inc – a key player in the Fresh F&V industry, who reached a revenue of $4.5 billion (€3.8b) and adjusted EBITDA of $215m (€181m) in FY16. As its main market is in the US, this acquisition would a great addition to the current structure of Greenyard. Although the deal is in the meantime aborted, the acquisition suggests Greenyard's ambition to expand into the US market, so we included a thorough analysis to evaluate the potential impacts on Greenyard in case of a successful deal. Dole is rumored to trade at 11.6x EV/FY 2017 EBITDA which is higher than the average of 10.3x of the peer group for Fresh (Appendix B7). Given Dole's strong brand equity and a promising entry to the US for Greenyard, this price would be reasonable.

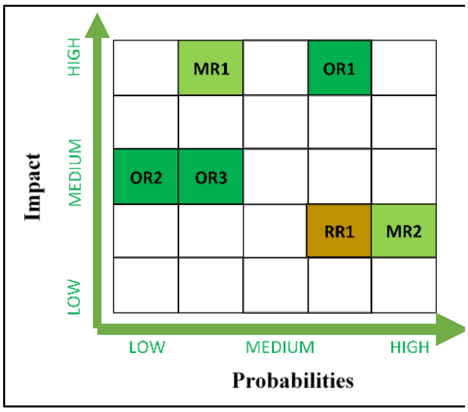
Methodology

First, we estimated the standalone sales and EBITDA margin of Dole. We expect an increase in sales of CAGR 2.59% for the period 2018-2022. We consider that the EBITDA margin will be stable over time and equal to the previous one (4.78%) (Appendix C1). Then, we combined our estimation for Dole with the P&L realized for Greenyard's valuation to assess the likely impacts that such an acquisition may have on the company structure and results. *Figure 40* and Appendix C2 provide details on the assumptions and our estimates of Dole.

Impact

Even at this high assumed price, **accretive acquisition** (*Figure 41*) **is expected with EPS increasing over years to reach 1.77€ in 2022, or 119% higher than the current EPS.** There is improvement in most of key ratios for Greenyard *(Figure 42).* Although 100% debt finance gives the highest EPS, the Net debt/EBITDA ratio is significantly higher than the expected level of 4.0x. (Appendix C6 and C7)

Figure 39: Investment Risk Matrix:



Source: Company annual report FY16/17 and team research

Figure 40: Dole Acquisition Key Assumptions:

Stake	100%
Discount on GY current price:	5%
New GY share Price:	18.40 €
%Cash	0%
%Debt:	40%
%Stock:	60%
Synergies % Target Sales:	**2%**
Synergies % Combined Costs	**1%**
Debt Interest:	4%
Debt Raised:	**1260**
Shares Issued:	**45.6**
Cash conversion	59%

Note: Debt raised and shares issued in €m.

Source: Team research

Figure 41: Combined Forecasted P&L:

Combined:	**2020e**	**2021e**	**2022e**
Synergy Phase-In:	25%	50%	100%
Revenue Synergies	21	43	89
Costs associated w/Rev. synergies	0.50	1.03	2.12
Total Revenue:	**8729**	**8977**	**9255**
EBITDA:	**391**	**425**	**482**
Cost savings	10	21	43
Interest Expense:	85	84	85
Net Income:	**89**	**113**	**159**
NOSH	89.95	89.95	89.95
EPS:	**0.98**	**1.26**	**1.77**
Accretion / (Dilution):	**33%**	**61%**	**119%**

Note: Figures in €m, excepted for EPS.

Source: Team research

Figure 42: After-Acquisition Potential Key Ratios:

Key ratios	**Before**	**After**	
	2019e	**2020e**	**2021e**
EBITDA margin	3.75%	4.49%	4.74%
FCF margin	1.80%	1.77%	1.91%
Net Debt / EBITDA:	2.1x	4.0x	3.7x
EBITDA / Interest:	4.2x	4.6x	5,0x
Cash conversion	85%	65%	60%

Source: Team research

Section A: Industry Analysis & Company Analysis

Appendix A1: Current vs recommended F&V consumption:

Current Consumption	
HICP - Meat	3.48%
HICP - Fish	1.02%
HICP - Fruit	1.28%
HICP - Vegetables	1.75%
HICP - Other	92.49%
Source:	**Eurostat**

Recommended Consumption	
Meat	3.48%
Fish	1.02%
Fruit	2.90%
Vegetables	3.49%
Other	89.11%
Source:	**WHO**

Actual consumption per 1000 €:		
	Fruits	Vegetables
Sales	€12.77	€17.45

Recommended consumption per 1000 €:		
	Fruits	Vegeables
Sales	€29.02	€34.90
Increase in sales:	**127.27%**	**100.00%**

Appendix A2: Porter's 5 forces: Food Manufacturing Industry:

(Inspired by Choices Magazine, 4th Quarter 2011)

- **Bargaining power of buyers (5 - Very High)**

End consumers can affect the food manufacturing industry through their ability to force down prices, bargain for higher product quality and services, and play competitors against each other. The bargaining power of buyers is high as there is a huge tendency of new entrance with new varieties of products. Besides, consumers are very price sensitive in the industry. One positive note is the trend for fresh and healthy products of quality for which end consumers is ready to pay a premium. The danger is that this premium is captured by the retailers.

For the direct customers, the retail industry is composed of big players and is highly concentrated. For Greenyard for example, its 3 biggest customers represent 47.9% of the total sales. Sales to the ten major customers amount to 63,3% of the total sales in FY 16/17. These increasingly powerful buyers can capture more value by exerting downward pressure on prices, and demanding better quality and services. Also, 95% of the sales are realized in Europe. Main markets include Germany, The Netherlands, Belgium, The UK and France (31,4%; 22.8%; 10,3%; 8,4%; 6%). There is a high concentration in this area for Greenyard.

Also, the product perishability factor limits the bargaining power of suppliers relative to buyers as suppliers must sell the product in a short period of time or it will be a net loss. Fresh produce suppliers are generally not large enough to service the total demand of national chains. Only Dole, Chiquita and Del Monte can fully supply today's multi-billion dollar retailers and, with the exception of Dole, that is mainly for bananas. Chains have numerous distribution centers (DCs) and produce suppliers compete to service specific DCs and/or retail chain divisions. The greater the supplier's product availability—seasons and volume, quality, services and overall competitiveness, the greater their bargaining power and the more DCs they may be selected to service. When firms become preferred suppliers and develop more of a partnership or collaborative relationship, their value increases.

- **Bargaining power of suppliers (2 - Low)**

Suppliers can affect the food manufacturing industry through their ability to raise prices or reduce the quality of purchased goods and services. In case of quality products the suppliers face an important factor. The supplier base of Greenyard Foods is quite diversified, and they grant them contracts with fixed prices, retaining them in the process. Nevertheless, quality and price may be very volatile.

For the Fresh and Long fresh departments, suppliers are numerous and diversified in Europe. Greenyard deals either directly with the farmers and growers or indirectly, particularly in the UK, with agricultural cooperatives and various dealers. As buyer bargaining power has grown, some commodity producers have become interested in the potential benefits of information-sharing cooperatives as a strategy for gaining countervailing power. Firms join cooperatives voluntarily, and, once members, are legally permitted to share information on volumes and pricing with their competitors. This trend towards cooperatives is then increasing the bargaining power of suppliers. For Horticulture, Greenyard owns the production. Also the horticulture activities

- **Threat of new entrants (3 - Medium)**

There are high entry barriers in food processing industry because of the intense competition in the food manufacturing industry that makes it hard to access in the market. Smaller food manufacturing companies often have difficulties obtaining supermarket shelf space for their products as large retailers charge for space on their shelves and give priority to the established companies who can pay for the advertising needed to generate high customer demand. A market participant must be able to face high costs for strong competition. The slow market growth rate for the food manufacturing industry causes acquisitions between companies. It results in high barriers to entry with so many food manufacturing companies and little to zero capacity remaining for any more companies. The high level of production risk and price volatility at the produce grower and shipper levels does not encourage entry by publicly traded companies concerned with quarterly profit reports to shareholders.

A threat of new entrants exists on the local level. Growers and farmers are increasing production and selling more to retailers and to some restaurant segments as part of what are referred to as “local” buying programs, and gaining a small but growing share of the fresh produce market. While new entrants are likely to continue, there are scale limitations to major growth in field-to-fork channels, just as climate limits longer production seasons locally. There is also a threat of new international entrants as post-harvest technology improves and make it easier to ship products over long distances while maintaining acceptable quality. In order to continue to drive non-value-adding costs out of the value chain, information technology must be applied much more intensively than in the past. This requires sizeable investments by firms at each level of the value chain, such as in Enterprise Resource Planning (ERP) systems and Customer Relationship Management Systems (CRMs). Firms creating data warehouses can readily access and analyze all aspects of their operations, thereby identifying opportunities for internal efficiency gains. System-wide efficiencies may be realized if firms put in place systems that facilitate data sharing between vertical interfaces of the value chain, such as shipper to retailer. All these investments in information technology and the sharing of information between retailers and suppliers increase the barriers to entry in the industry and reduce the threats of new entrants. Growing regulatory, food safety, technological, new product development, and marketing requirements are increasing fixed costs for fresh produce suppliers and the need to generate higher volumes over which to spread these costs. Therefore, there are strong incentives for further supply side consolidation and these combined forces are increasing both barriers to entry and exit.

- **Degree of rivalry within the industry (4 - High)**

The degree of rivalry within the food manufacturing industry is high and intense. The competition takes place on price, quality, taste, health factors, innovation and benefits. As a multinational food manufacturing company, Greenyard faces an extremely competitive market on an international, national as well local level due to the similarities between producers and an overlap of products provided by other food processing companies. An important factor enhancing the rivalry for the fresh products is perishability. Traditionally, the Fresh segment was a commodity business, largely competing on price with undifferentiated products. The consumer is now more demanding and asks for more convenience. The industry is adapting by introducing more consumer-friendly packaging, ready-to-eat, other value-added products as well as new products. Examples of value-added products are artisan lettuce packs and washed, fresh-cut F&V. However, even with product differentiation, perishability is still an important factor and keeps a latent price competition.

Periodic weather events may inflate the price and temporarily put weak competitors on their feet. But the sector is becoming more reliant on forward contracts rather than spot prices because of the high retail concentration. Indeed, the clients are multinational supermarkets like Carrefour with very important logistic centers that increasingly focus on seasonal and annual contracts with key preferred providers. Not only are large retailers at risk of insufficient supply if overly reliant on the spot market, but they face greater exposure to food safety risk and less ability to plan and develop effective merchandising and promotional programs in collaboration with suppliers. The principal dimension of competition is no more spot price, but retailers are asking for more important implications from suppliers with competitive strategies. Higher concentration levels in both retail and foodservice channels have encouraged consolidation on the supply side. This has generally taken place through merging the marketing operations of shippers into combined larger entities, although acquisition of the production, packing or fresh-cut operations of competitors has also occurred. Larger sales volumes have not only enabled shippers to service bigger accounts, but to invest in more sophisticated marketing, logistical, and other services. Firms seek out production areas with micro-climates in order to lower production risk. Larger grower-shippers have greater capacity to invest in the development of new varieties, cultural and postharvest practices designed to improve the consistency of volume and quality in both existing and new production locations. In Europe, particularly for peers and apples, another factor increased the existing competition on this market: The Russian embargo. This embargo put pressure on prices as the volumes remains constant, increasing the stocks.

- **Threat of substitutes (4 - High)**

  The rivalry from firms of other industries which offer substitutes is intense, as they are producing, supplying and serving similar food products. Furthermore, Greenyard sells few of its products using its own label, which decreases client's loyalty. In the Fresh segment, consumers have numerous options for substitutes, even with other product categories. The seasonality of the products also affects the stocks and availability but also the taste, the color and the price of the products. The domestic production and imports of exotic products, the product differentiation (specialty apples and potatoes, sweet onions), year-round availability of tropical fruits and of summer products during winter, all these facts have increased the number of substitute products available in all seasons.

  Consumers today are more aware of the diversity and usage of fresh produce, with the average fresh produce department in supermarkets offering over 300 items. While some consumers have increased both the quantity and diversity of produce they purchase, many have merely made substitutions, such that traditional products like bananas, apples, pears, iceberg lettuce, carrots and potatoes have experienced stable or declining per capita consumption, while others such as tropical fruits, berries, chili peppers, colored bell peppers, and broccoli have increased. Health benefits as well as purpose and usage occasions influence substitutions. Substitution also exists between fresh and the more economical processed fruits and vegetables, with the economic downturn contributing to at least a temporary increase in substitutions across these product forms. For example, fresh products can be substituted by salty snacks and sweets. Part of new product development in the fresh produce industry has focused on convenient ready-to-eat (RTE) snacks designed to better compete with these items, for example cherry tomato in a ready-to-eat packaging. However, the fresh-cut category in turn competes with and often cannibalizes commodity fresh produce sales.

Appendix A3: SWOT Analysis and Computation:

Strengths:

1. Market-leading innovation:
   Improving variety and choices
2. Operational excellence:
   Efficient Supply Chain
3. Outstanding service:
   Focused on customers different and specific needs
4. Europe's leading retailers as customers:
   Reliable and stable customer base
5. Proximity to key markets:
   Company and factories are located nearby each market.

Weaknesses:

1. High Exposure to the European Market:
   Key retailers & growers are almost all European
2. Higher tax rate *(42%)* than competitors:
   Inefficient corporate structure at the moment
3. Biologically produced recognition:
   Impossible at the moment due to the use of substrates
4. Reputation:
   Not seen as a specialist of F&V in the market
5. Brands:
   Most of the products are unbranded

Opportunities:

1. Fragmented market:
   Opportunities of external growth through M&A
2. Organic F&V expected growth:
   Expected CAGR of 6,79% for the next four years
3. Increase in concerns about the quality products:
   Consumers are ready to pay more for a better product
4. Positive trends for F&V consumption
   Number of vegans, increasing consumption, …
5. Expansion to the United States:
   Already developed relationships with retailers in the US

Threats:

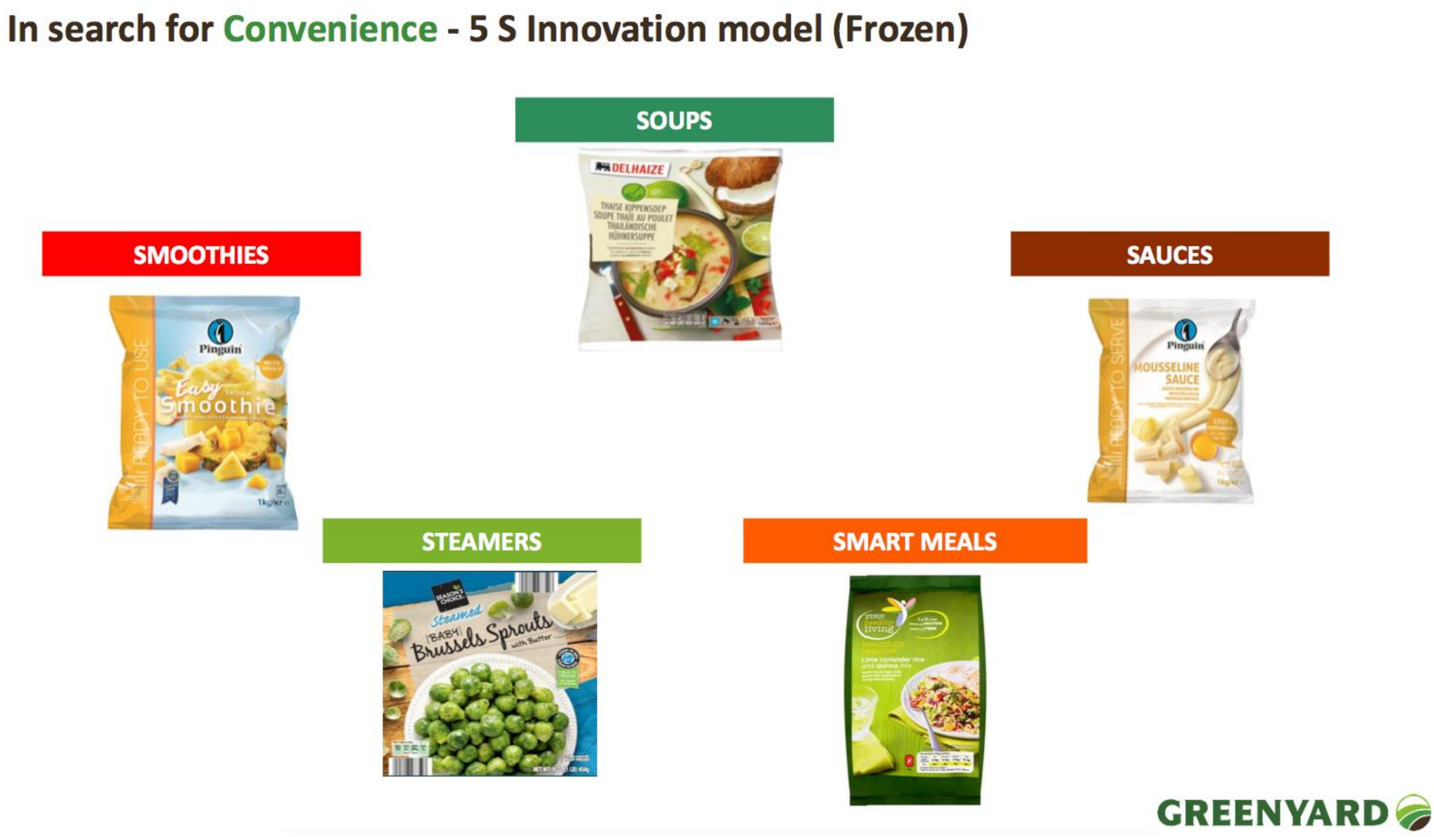
1. Business Model copycats:
   Other players are starting to copy the "pull model"
2. Development of e-commerce:
   Companies such Amazon may totally disrupt the market
3. Legislation in the EU:
   Legislators want to promote biologically produced F&V
4. Acquisitions:
   New acquisitions may continue to complexify the structure
5. Climate changes:
   Greenyard is highly dependent of its European growers

Likelyhood	Strenghts	Weaknesses	Opportunities	Threats
N°1	3	2	3	2
N°2	3	1	1	2
N°3	2	2	2	1
N°4	2	2	2	1
N°5	2	1	2	2

Severity	Strenghts	Weaknesses	Opportunities	Threats
N°1	2	2	2	
N°2	3	2	2	
N°3	3	1	3	
N°4	3	1	1	
N°5	2	2	3	

Total	Strenghts	Weaknesses	Opportunities	Threats
Score	25	16	21	16
Max Score	30	30	30	30

Appendix A4: 5-S Models in Frozen:



Source: Company's Road Presentation

Section B: Financial analysis and Valuation

Appendix B1: Profit and Loss Account:

EUR '000 000	2016	2017	2018	2019	2020	2021	2022
Total sales	**3,203.20**	**4,249.20**	**4,299.86**	**4,424.51**	**4,519.42**	**4,617.80**	**4,719.60**
% growth		32.65%	1.19%	2.90%	2.15%	2.18%	2.20%
COGS	-2,923.82	-3,897.91	-3,935.85	-4,038.12	-4,123.51	-4,211.91	-4,303.36
Gross Profit	**279.38**	**351.29**	**364.01**	**386.39**	**395.91**	**405.89**	**416.24**
% growth		25.74%	3.62%	6.15%	2.46%	2.52%	2.55%
Distribution and Administrative Costs	-164.42	-205.58	-214.37	-220.59	-225.32	-230.22	-235.30
% growth		*25.03%*	*4.28%*	*2.90%*	*2.15%*	*2.18%*	*2.20%*
Factoring Adjustment		-3.94	-3.82	-3.90	-3.96	-4.03	-4.09
REBITDA	**114.96**	**141.77**	**145.82**	**161.90**	**166.63**	**171.64**	**176.85**
% growth		*23.33%*	*2.86%*	*11.03%*	*2.92%*	*3.01%*	*3.03%*
Depreciation & Amortization	-54.54	-62.78	-69.77	-72.63	-75.54	-78.52	-81.57
REBIT	**60.42**	**78.99**	**76.05**	**89.28**	**91.09**	**93.12**	**95.28**
% growth		30.75%	-3.73%	17.39%	2.03%	2.23%	2.32%
Non-recurring	12.81	-9.53	0.00	0.00	0.00	0.00	0.00
EBIT	**73.23**	**69.46**	**76.05**	**89.28**	**91.09**	**93.12**	**95.28**
% growth		*-5.14%*	*9.48%*	*17.39%*	*2.03%*	*2.23%*	*2.32%*
Financial income	0.00	1.80	1.80	1.80	1.80	1.80	2.80
Financial expenses	43.83	52.27	42.55	41.68	36.78	35.69	37.31
Net financial result	**-43.83**	**-50.47**	**-40.75**	**-39.88**	**-34.98**	**-33.90**	**-34.52**
Ordinary pretax profit	**29.40**	**18.99**	**35.30**	**49.39**	**56.10**	**59.22**	**60.76**
Extraordinary charges		18.20	0.00	0.00	0.00	0.00	0.00
Net extraordinary results	**0.00**	**-18.20**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Pretax profit	**29.40**	**0.79**	**35.30**	**49.39**	**56.10**	**59.22**	**60.76**
% growth		*-97.31%*	*4362.36%*	*39.93%*	*13.58%*	*5.56%*	*2.60%*
Tax	-12.36	-0.07	-13.06	-18.27	-20.75	-21.91	-22.48
%	*-42.05%*	*-9.36%*	*-37.00%*	*-37.00%*	*-37.00%*	*-37.00%*	*-37.00%*
Net income	**17.04**	**0.72**	**22.24**	**31.12**	**35.35**	**37.31**	**38.28**
Minorities	-0.30	0.07	-0.11	-0.11	-0.11	-0.11	-0.11
Other Comprehensive Income	-7.77	2.96	-2.40	-2.40	-2.40	-2.40	-2.40
Group share	**8.98**	**3.75**	**19.72**	**28.61**	**32.84**	**34.80**	**35.77**
% growth		*-58.23%*	*425.95%*	*45.05%*	*14.79%*	*5.97%*	*2.78%*
Number of shares (YE, m)	38.271	44.373	44.373	44.373	44.373	44.373	44.373
Treasury shares		1.035	1.750	1.750	1.750	1.750	1.750
Net EPS	**0.23**	**0.08**	**0.44**	**0.64**	**0.74**	**0.78**	**0.81**
Net EPS fd	0.23	0.09	0.46	0.67	0.77	0.82	0.84
EPS excl. Extraords. & GW	**0.23**	**0.49**	**0.44**	**0.64**	**0.74**	**0.78**	**0.81**

	2016	2017	2018e	2019e	2020e	2021e	2022e
Total sales	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
COGS	91.28%	91.73%	91.53%	91.27%	91.24%	91.21%	91.18%
Gross Profit	**8.72%**	**8.27%**	**8.47%**	**8.73%**	**8.76%**	**8.79%**	**8.82%**
Distribution and Administrative Costs	5.13%	4.84%	4.99%	4.99%	4.99%	4.99%	4.99%
Factoring Adjustment	0.00%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%
REBITDA	**3.59%**	**3.34%**	**3.39%**	**3.66%**	**3.69%**	**3.72%**	**3.75%**
Depreciation & Amortization	1.70%	1.48%	1.62%	1.64%	1.67%	1.70%	1.73%
REBIT	**1.89%**	**1.86%**	**1.77%**	**2.02%**	**2.02%**	**2.02%**	**2.02%**
Non-recurring	-0.40%	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%
EBIT	**2.29%**	**1.63%**	**1.77%**	**2.02%**	**2.02%**	**2.02%**	**2.02%**
Net financial result	**1.37%**	**1.19%**	**0.95%**	**0.90%**	**0.77%**	**0.73%**	**0.73%**
Ordinary pretax profit	**0.92%**	**0.45%**	**0.82%**	**1.12%**	**1.24%**	**1.28%**	**1.29%**
Tax	0.39%	0.00%	0.30%	0.41%	0.46%	0.47%	0.48%
Net income	**0.53%**	**0.02%**	**0.52%**	**0.70%**	**0.78%**	**0.81%**	**0.81%**
Group share	**0.28%**	**0.09%**	**0.46%**	**0.65%**	**0.73%**	**0.75%**	**0.76%**

Appendix B2: Balance Sheet:

Eur '000 000	2016	2017	2018	2019	2020	2021	2022
Inventories	293.67	296.28	299.17	306.94	313.43	320.15	327.10
Trade debtors	265.70	221.55	224.19	232.02	238.35	244.93	251.74
Others	103.01	94.38	95.50	98.27	100.38	102.56	104.82
Operating Current Assets	**662.38**	**612.21**	**618.86**	**637.23**	**652.16**	**667.64**	**683.67**
Trade creditors (L&S)	616.54	643.71	649.97	662.82	672.72	682.93	693.45
Other creditors	124.30	112.92	114.20	117.19	119.67	122.24	124.89
Others	9.81	1.68	0.00	0.00	0.00	0.00	0.00
Operating Current Liabilities	**750.65**	**758.30**	**764.17**	**780.01**	**792.38**	**805.16**	**818.34**
Working Capital Requirements	**-88.27**	**-146.09**	**-145.31**	**-142.78**	**-140.22**	**-137.52**	**-134.67**
Intangible fixed	839.58	830.46	847.72	832.43	817.13	801.84	786.55
Tangible fixed	380.87	375.95	427.50	417.07	404.73	390.45	374.20
Others	65.72	58.80	58.80	58.80	58.80	58.80	58.80
Total fixed assets	**1,286.16**	**1,265.22**	**1,334.03**	**1,308.30**	**1,280.66**	**1,251.09**	**1,219.55**
Net capital employed	**1,132.17**	**1,060.33**	**1,129.91**	**1,106.72**	**1,081.64**	**1,054.77**	**1,026.08**
FINANCIALS							
Cash and equivalents	137.95	113.24	125.60	125.60	125.60	125.60	125.60
DEBTS							
LT Financial debts	450.28	429.07	506.24	461.17	410.19	355.64	298.51
ST financial debts	72.69	8.41	9.92	9.92	9.92	9.92	9.92
Net debt/(cash)	**385.02**	**324.23**	**390.56**	**345.50**	**294.51**	**239.97**	**182.84**
Other LTL	73.18	79.80	72.21	74.40	76.53	78.62	80.70
Provisions	11.40	8.86	8.86	8.86	8.86	8.86	8.86
Shareholders funds	716.58	694.66	705.32	724.68	748.07	773.22	799.15
Minorities	11.72	11.59	11.77	12.09	12.48	12.90	13.33
Equity capital	**728.30**	**706.25**	**717.09**	**736.77**	**760.55**	**786.13**	**812.48**
Total assets	**2,086.49**	**1,990.67**	**2,078.48**	**2,071.13**	**2,058.42**	**2,044.33**	**2,028.81**
Total liabilities	**2,086.49**	**1,990.67**	**2,078.48**	**2,071.13**	**2,058.42**	**2,044.33**	**2,028.81**

	2016	2017	2018	2019	2020	2021	2022
Inventories	14.07%	14.88%	14.39%	14.82%	15.23%	15.66%	16.12%
Trade debtors	12.73%	11.13%	10.79%	11.20%	11.58%	11.98%	12.41%
Operating Current Assets	**31.75%**	**30.75%**	**29.77%**	**30.77%**	**31.68%**	**32.66%**	**33.70%**
Trade creditors (L&S)	29.55%	32.34%	31.27%	32.00%	32.68%	33.41%	34.18%
Other creditors	5.96%	5.67%	5.49%	5.66%	5.81%	5.98%	6.16%
Operating Current Liabilities	**35.98%**	**38.09%**	**36.77%**	**37.66%**	**38.49%**	**39.39%**	**40.34%**
Working Capital Requirements	**-4.23%**	**-7.34%**	**-6.99%**	**-6.89%**	**-6.81%**	**-6.73%**	**-6.64%**
Intangible fixed	40.24%	41.72%	40.79%	40.19%	39.70%	39.22%	38.77%
Tangible fixed	18.25%	18.89%	20.57%	20.14%	19.66%	19.10%	18.44%
Total fixed assets	**61.64%**	**63.56%**	**64.18%**	**63.17%**	**62.22%**	**61.20%**	**60.11%**
Net capital employed	**54.26%**	**53.26%**	**54.36%**	**53.44%**	**52.55%**	**51.59%**	**50.58%**
Bank and cash	6.61%	5.69%	6.04%	6.06%	6.10%	6.14%	6.19%
LT Financial debts	21.58%	21.55%	24.36%	22.27%	19.93%	17.40%	14.71%
Net debt/(cash)	**18.45%**	**16.29%**	**18.79%**	**16.68%**	**14.31%**	**11.74%**	**9.01%**
Other LTL	3.51%	4.01%	3.47%	3.59%	3.72%	3.85%	3.98%
Shareholders funds	34.34%	34.90%	33.93%	34.99%	36.34%	37.82%	39.39%
Equity capital	**34.91%**	**35.48%**	**34.50%**	**35.57%**	**36.95%**	**38.45%**	**40.05%**
Total assets	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Total liabilities	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Appendix B3: Investment Schedule:

Eur '000 000	2016	2017	2018	2019	2020	2021	2022
Depreciation	54.54	62.78	69.77	72.63	75.54	78.52	81.57
%Sales	*1.70%*	*1.48%*	*1.62%*	*1.64%*	*1.67%*	*1.70%*	*1.73%*
Depreciation on tangible assets	10.11	48.02	54.48	57.33	60.25	63.23	66.27
% gross tangible BS value	*1.32%*	*6.09%*	*6.09%*	*6.09%*	*6.09%*	*6.09%*	*6.09%*
Amortisation of intangible assets (R&D)	44.44	14.75	15.29	15.29	15.29	15.29	15.29
% gross R&D BS value	*5.03%*	*1.66%*	*1.66%*	*1.66%*	*1.66%*	*1.66%*	*1.66%*
Capex	-696.42	-55.24	-138.58	-46.90	-47.91	-48.95	-50.03
% sales	*-21.74%*	*-1.30%*	*-3.22%*	*-1.06%*	*-1.06%*	*-1.06%*	*-1.06%*
Intangibles							
Net Intangibles balance sheet value	839.58	830.47	847.72	832.43	817.13	801.84	786.55
Cumulated Intangibles amortisation (BS)	44.44	59.19	74.48	89.78	105.07	120.36	135.66
Gross Intangibles balance sheet value	884.01	889.65	922.20	922.20	922.20	922.20	922.20
Intangibles investments	-264.10	-5.44	-32.55	0.00	0.00	0.00	0.00
Tangibles							
Net tangible balance sheet value	380.87	375.95	427.50	417.07	404.73	390.45	374.20
Cumulated depreciation (BS)	-385.96	-412.88	-467.35	-524.69	-584.93	-648.16	-714.44
Gross tangible balance sheet value	766.82	788.83	894.86	941.76	989.66	1,038.61	1,088.64
Tangibles investments	-432.32	-49.80	-106.03	-46.90	-47.91	-48.95	-50.03

Appendix B4: Debt Schedule:

	2018	2019	2020	2021	2022
Beginning cash balance	113.24	125.60	125.60	125.60	125.60
Less: Minimum Cash Balance	-125.60	-125.60	-125.60	-125.60	-125.60
Cash available for debt repayment	-56.41	45.07	50.98	54.54	57.13
Subtotal before revolver	-68.76	45.07	50.98	54.54	57.13
Payment Schedule for Existing Debt:		-12.00	-162.00	-12.00	-464.00
Revolver borrowing required	-68.76	0.00	-111.02	0.00	-406.87
Increase in debt	68.76	-45.07	-50.98	-54.54	-57.13
Interest expense	-38.728	-37.779	-32.817	-31.665	-33.220
Interest income	1.88	1.88	1.88	1.88	1.88
Net interest paid	-36.853	-35.904	-30.942	-29.790	-31.345

Interest Rate Computation	Interest Rate	2018	2019	2020	2021	2022
Term loan	2.23%	3.35	3.35	3.35	3.35	2.51
Revolver	2.23%	1.76	0.75	3.23	2.01	1.51
Retail bond	5%	7.50	7.50	0.00	0.00	0.00
Convertible bonds	3.75%	4.69	4.69	4.69	4.69	3.52
Greenyard refinancing 2022	4.00%	0.00	0.00	0.00	0.00	4.00
Factoring	1%	3.82	3.90	3.96	4.03	4.09
Others		17.60	17.60	17.60	17.60	17.60

Appendix B5: Detailed DCF:

Greenyard Discounted Free Cash Flow (DFCF):																
EUR '000 000	**2017**	**2018e**	**2019e**	**2020e**	**2021e**	**2022e**	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**2031e**
Sales	4,249	4,300	4,425	4,519	4,618	4,720									
% growth		*1.19%*	*2.90%*	*2.15%*	*2.18%*	*2.20%*									
REBIT	79	76	89	91	93	95									
% sales	*1.9%*	*1.8%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*									
Tax	-0.07	-28	-33	-34	-34	-35									
Operating profit after tax	**79**	**48**	**56**	**57**	**59**	**60**									
+ Depreciation & Amortization	63	70	73	76	79	82									
% capex	*114%*	*50%*	*155%*	*158%*	*160%*	*163%*									
- Capex	-55	-139	-47	-48	-49	-50									
% sales	*1.30%*	*3.22%*	*1.06%*	*1.06%*	*1.06%*	*1.06%*									
- Investments in working capital	58	-1	-3	-3	-3	-3									
% sales	*1.36%*	*-0.02%*	*-0.06%*	*-0.06%*	*-0.06%*	*-0.06%*									
Operating cash flow	**144.27**	**-21.67**	**79.44**	**82.46**	**85.54**	**88.72**	**88.76**	**88.81**	**88.85**	**88.90**	**88.94**	**88.99**	**89.03**	**89.07**	**89.12**
Free Cash Flow Yield		*-0.50%*	*1.80%*	*1.82%*	*1.85%*	*1.88%*									
WACC		6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%	6.54%
Discount factor		*0.9843*	*0.9238*	*0.8671*	*0.8138*	*0.7638*	*0.7169*	*0.6729*	*0.6315*	*0.5927*	*0.5563*	*0.5222*	*0.4901*	*0.4600*	*0.4317*
Present value of Free Cash Flow		**-21.33**	**73.39**	**71.50**	**69.61**	**67.76**	**63.63**	**59.76**	**56.11**	**52.69**	**49.48**	**46.46**	**43.63**	**40.97**	**38.47**

Cumulative present value of 2018-2022 FCF	261
+ Present value of 2023-2031 FCF	451
+ Present value of 2031+ FCF	588
= Enterprise value	1,300
- Net Financial Debt/(cash)	324
- Market value of minorities	4
- FV of Defined Benefit Plans	19
- Market value of Conversion Options	26
+ Market value of equity stakes	14
= Estimated market value of equity	941
Number of shares outstanding	42.62
Fair value per share (EUR)	**22.00**

Appendix B6: DCF Sensitivity:

WACC / LT Growth Rate		Long Term Growth Rate						
		-1.50%	**-1.00%**	**-0.50%**	**0.00%**	**0.50%**	**1.00%**	**1.50%**
WACC	**5.61%**	27.11	27.20	27.29	27.38	27.47	27.56	27.65
	5.91%	25.27	25.35	25.44	25.52	25.60	25.68	25.77
	6.22%	23.53	23.60	23.68	23.75	23.83	23.90	23.98
	6.5447%	21.87	21.94	22.01	22.08	22.14	22.21	22.28
	6.87%	20.37	20.43	20.50	20.56	20.62	20.68	20.75
	7.22%	18.94	19.00	19.06	19.11	19.17	19.23	19.29
	7.58%	17.58	17.63	17.69	17.74	17.79	17.84	17.90

WACC / MT Growth Rate		Medium Term Growth Rate						
		-1.45%	**-0.95%**	**-0.45%**	**0.05%**	**0.55%**	**1.05%**	**1.55%**
WACC	**5.61%**	24.31	25.30	26.32	27.38	28.48	29.61	30.79
	5.91%	22.67	23.58	24.53	25.52	26.54	27.60	28.69
	6.22%	21.11	21.96	22.84	23.75	24.70	25.68	26.70
	6.5447%	19.62	20.41	21.23	22.08	22.95	23.86	24.81
	6.87%	18.28	19.01	19.77	20.56	21.37	22.22	23.10
	7.22%	16.99	17.68	18.38	19.11	19.87	20.66	21.47
	7.58%	15.77	16.40	17.06	17.74	18.44	19.17	19.93

MT g / LT g		Long Term Growth Rate						
		-1.50%	**-1.00%**	**-0.50%**	**0.00%**	**0.50%**	**1.00%**	**1.50%**
Medium Term	**-1.45%**	17.33	17.98	18.72	19.57	20.57	21.74	23.15
	-0.95%	18.03	18.71	19.48	20.38	21.42	22.65	24.12
	-0.45%	18.75	19.46	20.28	21.21	22.30	23.59	25.13
	0.05%	19.51	20.25	21.10	22.08	23.22	24.56	26.18
Growth Rate	**0.55%**	20.29	21.06	21.95	22.98	24.17	25.58	27.26
	1.05%	21.09	21.91	22.84	23.91	25.15	26.63	28.39
	1.55%	21.93	22.78	23.75	24.87	26.18	27.72	29.56

Appendix B7: Peers Multiples: *(Source: FactSet 01/12/2017)*

Company (Currency)	**Enterprise Value / EBITDA**			**Enterprise Value / Sales**			**Enterprise Value / EBIT**		
	2017	2018e	2019e	2017	2018e	2019e	2017	2018e	2019e
Bonduelle SA (EUR)	9.43	7.90	7.10	0.50	0.50	0.40	15.90	14.40	12.60
La Doria (EUR)	12.00	9.90	8.70	0.90	0.90	0.80	16.20	12.60	10.90
Premier Foods (GBP)	6.70	6.30	6.00	1.10	1.10	1.00	7.60	7.20	6.80
Nomad Foods (USD)	11.10	9.70	8.70	1.90	1.80	1.60	13.00	11.40	9.90
Greencore Group (GBP)	10.00	9.10	8.20	0.80	0.70	0.70	13.60	13.00	11.60
Median Long Fresh	**10.00**	**9.10**	**8.20**	**0.90**	**0.90**	**0.80**	**13.60**	**12.60**	**10.90**
Fresh Del Monte Produce Inc. (USD)	10.00	8.60	7.80	0.60	0.60	0.60	14.30	11.80	10.50
Orsero (EUR)	9.10	5.80	4.70	0.30	0.20	0.20	20.30	9.40	7.20
BayWa AG (EUR)	11.40	10.50	9.90	0.10	0.10	0.10	18.90	16.80	15.20
Calavo Growers (USD)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Produce (EUR)	10.60	9.80	9.30	0.20	0.20	0.20	13.80	12.60	11.80
Median Fresh	**10.30**	**9.20**	**8.55**	**0.25**	**0.20**	**0.20**	**16.60**	**12.20**	**11.15**
Contribution of Long Fresh and other	50.00%	50.00%	50.00%	20.00%	20.00%	30.00%	50.00%	50.00%	50.00%
Contribution of Fresh	50.00%	50.00%	50.00%	80.00%	80.00%	70.00%	50.00%	50.00%	50.00%
Weighted Median	**10.15**	**9.15**	**8.38**	**0.38**	**0.34**	**0.38**	**15.10**	**12.40**	**11.03**
Greenyard NV Consensus Multiples	7.70	7.80	6.70	0.30	0.30	0.30	14.30	13.50	11.30
Premium (Discount) (%)	-24.14%	-14.75%	-20.00%	-21.05%	-11.76%	-21.05%	-5.30%	8.87%	2.49%
Greenyard NV Implied Share Price		**22.88**	18.26		**25.87**	21.84		**13.70**	15.7

Company (Currency)	**Price Earnings Ratio**			**Price-to-Book Value**			**Dividend yield**		
	2017	2018e	2019e	2017	2018e	2019e	2017	2018e	2019e
Bonduelle SA (EUR)	16.10	16.50	14.50	1.70	2.00	1.80	1.40%	1.30%	1.40%
La Doria (EUR)	19.20	15.70	13.80	2.30	2.00	1.80	2.00%	1.30%	1.60%
Premier Foods (GBP)	6.10	5.40	5.10	0.50	0.40	0.40	0.00%	0.00%	0.00%
Nomad Foods (USD)	14.50	12.70	11.80	1.40	1.20	1.10	0.00%	0.00%	0.00%
Greencore Group (GBP)	12.70	13.40	12.50	1.80	2.10	1.90	2.80%	2.80%	3.00%
Median Long Fresh	**14.50**	**13.40**	**12.50**	**1.70**	**2.00**	**1.80**	**1.24%**	**1.08%**	**1.20%**
Fresh Del Monte Produce Inc. (USD)	15.70	13.80	11.90	1.50	1.40	1.30	1.20%	1.20%	1.20%
Orsero (EUR)	24.30	9.50	7.90	1.10	1.10	0.90	0.00%	0.00%	0.00%
Bay Wa AG (EUR)	17.70	13.30	11.40	1.30	1.20	1.10	2.90%	3.20%	3.50%
Calavo Growers (USD)	34.00	27.70	23.40	4.90	4.30	3.70	1.30%	1.20%	0.60%
Total Produce (EUR)	16.20	19.60	18.80	2.40	3.00	2.70	1.20%	1.30%	1.50%
Median Fresh	**17.70**	**13.80**	**11.90**	**1.50**	**1.40**	**1.30**	**1.32%**	**1.38%**	**1.36%**
Contribution of Long Fresh and other	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Contribution of Fresh	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Weighted Median	**16.10**	**13.60**	**12.20**	**1.60**	**1.70**	**1.55**	**1.28%**	**1.23%**	**1.28%**
Greenyard NV Consensus Multiples	**35.8**	**24.2**	**18.3**	**1.1**	**1.1**	**1.1**	**1.10%**	**1.10%**	**1.20%**
Premium (Discount) (%)	122.36%	77.94%	50.00%	-31.25%	-35.29%	-29.03%	16.36%	11.82%	6.67%
Greenyard NV Share Price		**6.05**	**10.76**		**28.13**	**18.20**		**16.95**	**18.95**

Appendix B8: Horticulture Transaction Multiples: *(Source: Oaklins, Spot On Horticulture)*

	Transaction multiples				Transaction multiples		
	2017	2018e	2019e	EV/Sales	2017	2018e	2019e
Horticulture forecast	*9.90*	*12.62*	*26.05*		*75.10*	*84.02*	*124.76*
Syngenta & ChemChina (USD)	163.35	208.25	429.82	3.4	255.34	285.67	424.19
Agromillora & Investcorp	N/A	N/A	N/A	4.2	315.42	352.88	524.00
Horticulture Enterprise Value	**163.35**	**208.25**	**429.82**	**3.8**	**285.38**	**319.27**	**474.10**

Appendix B9: Detailed Sum-of-the-Parts: *(Source: FactSet 01/12/2017)*

			Multiple				Enterprise Value		
Division	Valuation Method	Statistic	Low	Median	High	Premium (Discount)	Low	Median	High
Fresh	EV/EBITDA Peers	77.50	5.80	9.20	10.50	-15.28%	380.82	604.07	689.42
Long Fresh	EV/EBITDA Peers	55.96	6.30	9.10	9.90	-15.28%	413.65	597.50	650.03
Horticulture	EV/Sales Transaction	84.02	3.40	3.80	4.20	-25.00%	197.63	220.88	244.13

Enterprise Value	992.11	1422.45	1583.58
- Net Financial Debt	324.23	324.23	324.23
- MV of Minorities	3.97	3.97	3.97
- Employee Benefit Liabilities	19.21	19.21	19.21
- Market value of Conversion options	25.70	25.70	25.70
+ MV of Equity Stakes	14.00	14.00	14.00
= Equity Value	633.00	1063.34	1224.47
NOSH	42.62	42.62	42.62
Fair Value per Share	14.85	24.95	28.73
	Implied Price	22.84	

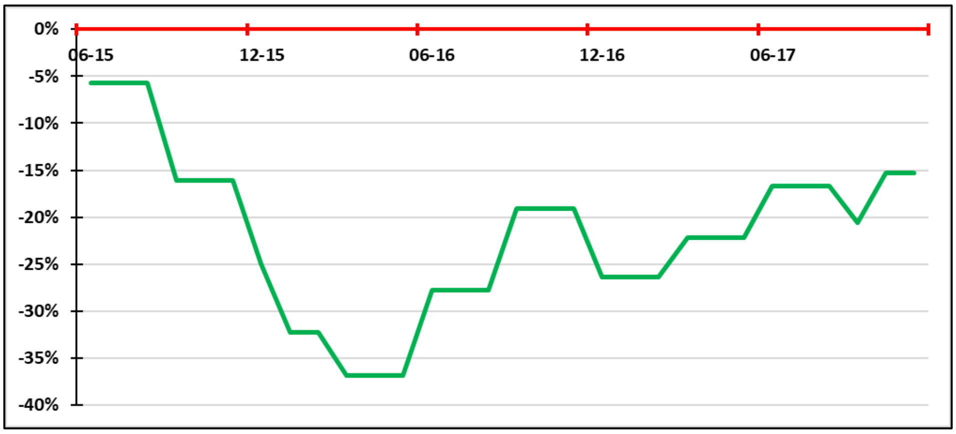
Appendix B10: Capital Asset Pricing Model:

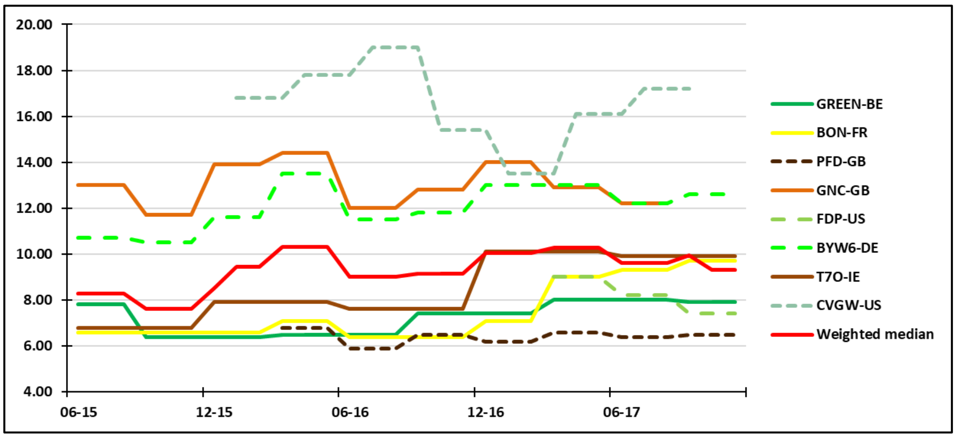
	Greenyard NV	Bonduelle SA	EUROSTOXX50
Average Daily Return	0.04%	0.12%	0.02%
Average Annualized Daily Return	12.67%	38.41%	5.67%
Average Daily Standard Deviation	1.62%	1.75%	1.13%
Average Annualized Daily St Dev	27.14%	29.28%	18.96%
Annual Risk Free Rate	1.33%	1.33%	1.33%
Risk Premium	11.34%	37.08%	4.34%
Beta (Raw)	0.5286	0.2558	
Beta (Adjusted)	0.6857	0.5039	
Country RP GREEN	0.18%		
GREEN CAPM (Cost of Capital)	9.228%		

Greenyard Country Risk Premium:			
Country	Revenue Repartition	Country RP	Weighted RP
Netherlands	22.80%	0.00%	0.00%
Germany	31.40%	0.00%	0.00%
Belgium	10.30%	0.86%	0.09%
United Kingdom	8.40%	0.56%	0.05%
France	6.00%	0.71%	0.04%
Other - Non-Europe	5.00%	0.00%	0.00%
Other - Europe	16.10%	0.90%	0.15%
Total	100.00%	TOTAL	0.18%

Appendix B11: EV/EBITDA Historical Premium (Discount): *(Source: FactSet 25/12/2017)*

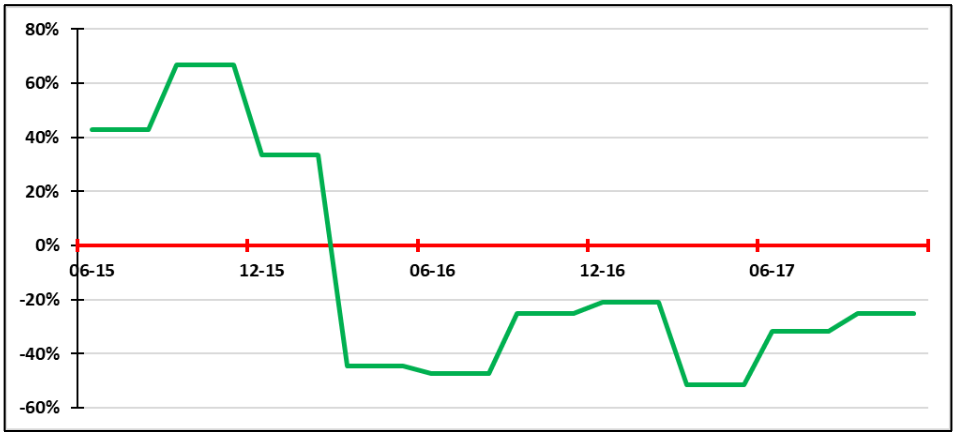
Date	GREEN-BE	BON-FR	NOMD-US	LD-IT	PFD-GB	GNC-GB	LF median	FDP-US	ORS-IT	BYW6-DE	T7O-IE	CVGW-US	F median	Weighted median	Premium (Discount)
06-15	7.80	6.60		7.80		13.00	**7.80**			10.70	6.80		**8.75**	**8.28**	**-6%**
07-15	7.80	6.60		7.80		13.00	**7.80**			10.70	6.80		**8.75**	**8.28**	**-6%**
08-15	7.80	6.60		7.80		13.00	**7.80**			10.70	6.80		**8.75**	**8.28**	**-6%**
09-15	6.40	6.60		6.30		11.70	**6.60**			10.50	6.80		**8.65**	**7.63**	**-16%**
10-15	6.40	6.60		6.30		11.70	**6.60**			10.50	6.80		**8.65**	**7.63**	**-16%**
11-15	6.40	6.60		6.30		11.70	**6.60**			10.50	6.80		**8.65**	**7.63**	**-16%**
12-15	6.40	6.60		7.30		13.90	**7.30**			11.60	7.90		**9.75**	**8.53**	**-25%**
01-16	6.40	6.60		7.30		13.90	**7.30**			11.60	7.90	16.80	**11.60**	**9.45**	**-32%**
02-16	6.40	6.60		7.30		13.90	**7.30**			11.60	7.90	16.80	**11.60**	**9.45**	**-32%**
03-16	6.50	7.10		7.10	6.80	14.40	**7.10**			13.50	7.90	16.80	**13.50**	**10.30**	**-37%**
04-16	6.50	7.10		7.10	6.80	14.40	**7.10**			13.50	7.90	17.80	**13.50**	**10.30**	**-37%**
05-16	6.50	7.10		7.10	6.80	14.40	**7.10**			13.50	7.90	17.80	**13.50**	**10.30**	**-37%**
06-16	6.50	6.40	7.60	6.50	5.90	12.00	**6.50**			11.50	7.60	17.80	**11.50**	**9.00**	**-28%**
07-16	6.50	6.40	7.60	6.50	5.90	12.00	**6.50**			11.50	7.60	19.00	**11.50**	**9.00**	**-28%**
08-16	6.50	6.40	7.60	6.50	5.90	12.00	**6.50**			11.50	7.60	19.00	**11.50**	**9.00**	**-28%**
09-16	7.40	6.40	9.40	6.20	6.50	12.80	**6.50**			11.80	7.60	19.00	**11.80**	**9.15**	**-19%**
10-16	7.40	6.40	9.40	6.20	6.50	12.80	**6.50**			11.80	7.60	15.40	**11.80**	**9.15**	**-19%**
11-16	7.40	6.40	9.40	6.20	6.50	12.80	**6.50**			11.80	7.60	15.40	**11.80**	**9.15**	**-19%**
12-16	7.40	7.10	8.30	6.80	6.20	14.00	**7.10**			13.00	10.10	15.40	**13.00**	**10.05**	**-26%**
01-17	7.40	7.10	8.30	6.80	6.20	14.00	**7.10**			13.00	10.10	13.50	**13.00**	**10.05**	**-26%**
02-17	7.40	7.10	8.30	6.80	6.20	14.00	**7.10**			13.00	10.10	13.50	**13.00**	**10.05**	**-26%**
03-17	8.00	9.00	9.30	7.50	6.60	12.90	**9.00**	9.00		13.00	10.10	13.50	**11.55**	**10.28**	**-22%**
04-17	8.00	9.00	9.30	7.50	6.60	12.90	**9.00**	9.00		13.00	10.10	16.10	**11.55**	**10.28**	**-22%**
05-17	8.00	9.00	9.30	7.50	6.60	12.90	**9.00**	9.00		13.00	10.10	16.10	**11.55**	**10.28**	**-22%**
06-17	8.00	9.30	10.50	8.10	6.40	12.20	**9.30**	8.20	6.70	12.20	9.90	16.10	**9.90**	**9.60**	**-17%**
07-17	8.00	9.30	10.50	8.10	6.40	12.20	**9.30**	8.20	6.70	12.20	9.90	17.20	**9.90**	**9.60**	**-17%**
08-17	8.00	9.30	10.50	8.10	6.40	12.20	**9.30**	8.20	6.70	12.20	9.90	17.20	**9.90**	**9.60**	**-17%**
09-17	7.90	9.70	10.50	10.50	6.50	10.00	**10.00**	7.40	6.70	12.60	9.90	17.20	**9.90**	**9.95**	**-21%**
10-17	7.90	9.70	10.50	10.50	6.50	10.00	**10.00**	7.40	6.70	12.60	9.90		**8.65**	**9.33**	**-15%**
11-17	7.90	9.70	10.50	10.50	6.50	10.00	**10.00**	7.40	6.70	12.60	9.90		**8.65**	**9.33**	**-15%**

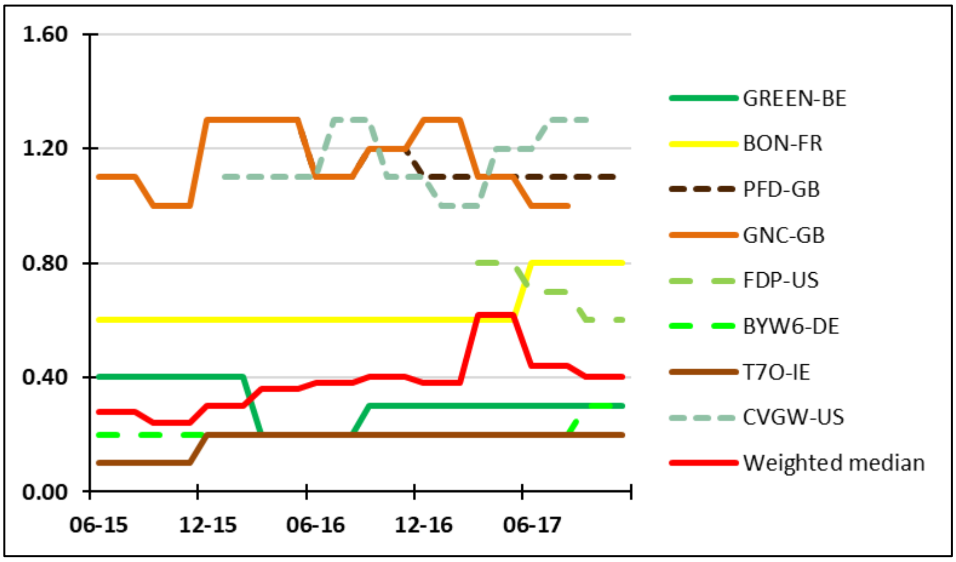




Appendix B12: EV/Sales Historical Premium (Discount): *(Source: FactSet 25/12/2017)*

Date	GREEN-BE	BON-FR	NOMD-US	LD-IT	PFD-GB	GNC-GB	**LF median**	FDP-US	ORS-IT	BYW6-DE	T7O-IE	CVGW-US	**F median**	**Weighted median**	**Premium (Discount)**
06-15	0.40	0.60		0.80		1.10	**0.80**			0.20	0.10		**0.15**	**0.28**	**43%**
07-15	0.40	0.60		0.80		1.10	**0.80**			0.20	0.10		**0.15**	**0.28**	**43%**
08-15	0.40	0.60		0.80		1.10	**0.80**			0.20	0.10		**0.15**	**0.28**	**43%**
09-15	0.40	0.60		0.60		1.00	**0.60**			0.20	0.10		**0.15**	**0.24**	**67%**
10-15	0.40	0.60		0.60		1.00	**0.60**			0.20	0.10		**0.15**	**0.24**	**67%**
11-15	0.40	0.60		0.60		1.00	**0.60**			0.20	0.10		**0.15**	**0.24**	**67%**
12-15	0.40	0.60		0.70		1.30	**0.70**			0.20	0.20		**0.20**	**0.30**	**33%**
01-16	0.40	0.60		0.70		1.30	**0.70**			0.20	0.20	1.10	**0.20**	**0.30**	**33%**
02-16	0.40	0.60		0.70		1.30	**0.70**			0.20	0.20	1.10	**0.20**	**0.30**	**33%**
03-16	0.20	0.60		0.70	1.30	1.30	**1.00**			0.20	0.20	1.10	**0.20**	**0.36**	**-44%**
04-16	0.20	0.60		0.70	1.30	1.30	**1.00**			0.20	0.20	1.10	**0.20**	**0.36**	**-44%**
05-16	0.20	0.60		0.70	1.30	1.30	**1.00**			0.20	0.20	1.10	**0.20**	**0.36**	**-44%**
06-16	0.20	0.60	1.30	0.70	1.10	1.10	**1.10**			0.20	0.20	1.10	**0.20**	**0.38**	**-47%**
07-16	0.20	0.60	1.30	0.70	1.10	1.10	**1.10**			0.20	0.20	1.30	**0.20**	**0.38**	**-47%**
08-16	0.20	0.60	1.30	0.70	1.10	1.10	**1.10**			0.20	0.20	1.30	**0.20**	**0.38**	**-47%**
09-16	0.30	0.60	1.60	0.60	1.20	1.20	**1.20**			0.20	0.20	1.30	**0.20**	**0.40**	**-25%**
10-16	0.30	0.60	1.60	0.60	1.20	1.20	**1.20**			0.20	0.20	1.10	**0.20**	**0.40**	**-25%**
11-16	0.30	0.60	1.60	0.60	1.20	1.20	**1.20**			0.20	0.20	1.10	**0.20**	**0.40**	**-25%**
12-16	0.30	0.60	1.40	0.60	1.10	1.30	**1.10**			0.20	0.20	1.10	**0.20**	**0.38**	**-21%**
01-17	0.30	0.60	1.40	0.60	1.10	1.30	**1.10**			0.20	0.20	1.00	**0.20**	**0.38**	**-21%**
02-17	0.30	0.60	1.40	0.60	1.10	1.30	**1.10**			0.20	0.20	1.00	**0.20**	**0.38**	**-21%**
03-17	0.30	0.60	1.60	0.60	1.10	1.10	**1.10**	0.80		0.20	0.20	1.00	**0.50**	**0.62**	**-52%**
04-17	0.30	0.60	1.60	0.60	1.10	1.10	**1.10**	0.80		0.20	0.20	1.20	**0.50**	**0.62**	**-52%**
05-17	0.30	0.60	1.60	0.60	1.10	1.10	**1.10**	0.80		0.20	0.20	1.20	**0.50**	**0.62**	**-52%**
06-17	0.30	0.80	1.80	0.70	1.10	1.00	**1.00**	0.70	0.30	0.20	0.20	1.20	**0.30**	**0.44**	**-32%**
07-17	0.30	0.80	1.80	0.70	1.10	1.00	**1.00**	0.70	0.30	0.20	0.20	1.30	**0.30**	**0.44**	**-32%**
08-17	0.30	0.80	1.80	0.70	1.10	1.00	**1.00**	0.70	0.30	0.20	0.20	1.30	**0.30**	**0.44**	**-32%**
09-17	0.30	0.80	1.80	0.80	1.10	0.80	**0.80**	0.60	0.30	0.30	0.20	1.30	**0.30**	**0.40**	**-25%**
10-17	0.30	0.80	1.80	0.80	1.10	0.80	**0.80**	0.60	0.30	0.30	0.20		**0.30**	**0.40**	**-25%**
11-17	0.30	0.80	1.80	0.80	1.10	0.80	**0.80**	0.60	0.30	0.30	0.20		**0.30**	**0.40**	**-25%**





Appendix B13: Forecasted sales per division:

Sales Forecast	2016	2017	2018e	2019e	2020e	2021e	2022e
Total	**3,967.30**	**4,249.20**	**4,299.86**	**4,424.51**	**4,519.42**	**4,617.80**	**4,719.60**
%growth		7.11%	1.19%	2.90%	2.15%	2.18%	2.20%
Fresh	3248.80	3425.80	3460.06	3528.81	3598.93	3670.44	3743.38
% Fresh growth		5.45%	1.00%	1.99%	1.99%	1.99%	1.99%
Long Fresh	646.10	748.30	755.78	770.93	787.84	806.29	826.18
Before Lutèce	*625.9*	*640.41*					
% Long Fresh growth		2.32%	1.00%	2.00%	2.19%	2.34%	2.47%
Horticulture	72.40	75.10	84.02	124.76	132.66	141.07	150.04
Horticulture before Mykogen	*72.40*	*75.10*	*77.35*	*81.56*	*86.00*	*90.68*	*95.62*
	9.60%	*3.73%*	*3.00%*	*5.44%*	*5.44%*	*5.44%*	*5.44%*
Mykogen			*6.67*	*43.20*	*46.66*	*50.39*	*54.42*

Appendix B14: Forecasted REBITDA per division:

REBITDA Forecast	2013	2014	2016	2017	2018e	2019e	2020e	2021e	2022e
Total	**115.21**	**122.44**	**136.20**	**145.60**	**149.64**	**165.80**	**170.59**	**175.67**	**180.94**
REBITDA Margin		3.10%	3.43%	3.43%	3.48%	3.75%	3.77%	3.80%	3.83%
Growth		6.28%	11.24%	6.90%	2.78%	10.80%	2.89%	2.98%	3.00%
Fresh	68.4	68.4	75.40	79.20	79.6	81.2	82.8	84.4	86.1
REBITDA Margin			2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
Long Fresh	40.3	46.6	51.60	56.50	57.4	58.6	59.9	61.3	62.8
REBITDA Margin			8.30%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%
Horticulture	6.4	7.5	9.2	9.9	12.6	26.0	27.9	30.0	32.1
REBITDA Margin	9.85%	11.30%	12.71%	13.18%	15.02%	20.88%	21.06%	21.24%	21.36%
Horticulture before Mykogen	*6.4*	*7.5*	*9.20*	*9.90*	*10.29*	*10.93*	*11.61*	*12.33*	*13.00*
Mykogen					*2.3*	*15.1*	*16.3*	*17.6*	*19.0*

Section C: Potential Acquisition of Dole Food Company, Inc.

Appendix C1: Historical and Projected Income statement of Dole Food company, Inc.

We used the average estimated sales growth for Fresh Del Monte and Total Produce (provided by FactSet), as the estimated sales growth of Dole over 3 years from 2018 to 2020. We kept the key ratios of 2017 constant over the forecast horizon, except for the tax rate which is expected to be lower in the US the next few years. The following tables illustrate in more detail the historical and projected income statement of Dole.

€ in millions	2017*	2018e	2019e	2020e	2021e	2022e
Revenue:	3,788.4	3,913.0	4,065.6	4,188.8	4,315.8	4,446.5
EBITDA:	181.1	187.1	194.4	200.2	206.3	212.6
Depreciation	-90.0	-93.0	-96.6	-99.5	-102.5	-105.6
REBIT	91.1	94.1	97.8	100.7	103.8	106.9
Non-recurring expense	-73.1	-	-	-	-	-
EBIT:	18.0	94.1	97.8	100.7	103.8	106.9
Net Financial Results	-52.2	-52.2	-52.2	-52.2	-52.2	-52.2
Pre-tax income	-34.2	41.9	45.6	48.6	51.6	54.8
Income tax	22.8	-16.8	-13.7	-14.6	-15.5	-16.4
Others	-8.4	-	-	-	-	-
Net income	-19.8	25.2	31.9	34.0	36.1	38.3

Assumptions	2017	2018e	2019e	2020e – 2022e
Revenue growth		3.3%	3.9%	3.0%
EBITDA margin	4.8%	4.8%	4.8%	4.8%
Depreciation (% sales)	-2.4%	-2.4%	-2.4%	-2.4%
Tax rate	67.0%	40.0%	30.0%	30.0%

Sales growth by peers	2017	2018e	2019e	2020e
Fresh Del Monte	1.11%	3.29%	4.10%	3.99%
Total Produce	8.0%	26.4%	3.7%	2.1%
Average	3.45%	3.29%**	3.90%	3.03%

** as Dole has financial year ended in December while that of Greenyard is in March of the following year, the years presented in this section for Dole's results are adjusted to be consistent with the financial years of Greenyard.*

***We used the growth rate of Fresh Del Monte only for the year 2018e as that of Total Produce is exceptional.*

Appendix C2: Key assumptions on Dole Acquisition:

We made an analysis of the potential impact of the combination based on the following key assumptions:

- Dole is assumed to trade at 11.6x EV/FY2017 EBITDA (or 11.6x EV/FY2016 EBITDA according to the financial year of Dole), or the deal valued at €2.1 billion, and Greenyard is expected to take a 100% stake.
- The consolidation is assumed to start on 1 April 2019, which means a full consolidation of 12 months in 2019.
- Concerning the funding for the acquisition, cash is not expected to be used, as both companies have low cash on hand. Taking into account the cost of the most recent debt (€125 million convertible bond) of 3.75%, we assume Greenyard could raise new debt at 4% (to be more conservative). Regarding the equity financing, we assume new shares are issued at a discount of 5% of the current price.
- As Dole now has a higher leverage with a substantial interest charge, we assume that, after the acquisition, all the current net debt will be refinanced at the rate of new debt raised (i.e., 4%). This refinancing is expected to create a large amount of cost synergies.
- We expect the deal to generate revenue synergies of 2 percent of Dole's sales and cost savings of 1 percent of combined operating expenses. This assumption would be solid because (1) the sales synergy of 2 percent of the target's sales is much lower than the industry median of 3.2% given by BCG (2013) and (2) the consolidation of Univeg and Peatinvest in 2015 has been estimated to deliver €200m revenue synergies and €12m finance cost savings, according to Berenberg. To be more conservative, synergies are expected to be realized gradually, before being fully delivered in 2022.
- Assuming that Greenyard will finance the deal so that the ND/EBITDA is kept below its historical high of 4.0x, a funding mix of 40% equity and 60% debt is expected.
- Finally, with the view to cash conversion (defined as FCF/EBIT), we used the median of peers (see Appendix C8). This leads to an assumed cash conversion of 59%.

Appendix C3: Dole Valuation Multiples:

	2017	2018e	2019e	2020e	2021e	2022e
EV/Sales	0.6 x	0.5 x	0.5 x	0.5 x	0.5 x	0.5 x
EV/EBITDA	**11.6 x**	**11.2 x**	**10.8 x**	**10.5 x**	**10.2 x**	**9.9 x**
EV/EBIT	23.0 x	22.5 x	21.7 x	21.1 x	20.4 x	19.8 x

Appendix C4: Sources and Uses of Funds for Dole Acquisition:

Funds required			Sources			Uses		
Equity Purchase Price:	€	1,044.2	Cash Used	€	-	Equity Purchases Price of target	€	1,044.2
Plus: Debt Refinanced:	€	1,055.8	Debt Issued	€	1,260.0	Target Debt Assumed	€	-
Less: Excess Cash Used To Fund Deal:	€	-	Stock Issued	€	840.0	Target Debt Refinanced	€	1,055.8
Plus: Other fees	€	-	Excess Cash	€	-	Other fees	€	-
Total Fund Required (Excl. Fees):	**€**	**2,100.0**	**Total Sources:**	**€**	**2,100.0**	**Total Uses:**	**€**	**2,100.0**

Appendix C5: Greenyard Consolidated Profits and Losses Accounts (Dole acquisition):

Combined:	2020e	2021e	2022e
Synergy Phase-In:	25.00%	50.00%	100.00%
Revenue Synergies	20.94	43.16	88.93
Costs associated w/Rev. synergies	0.50	1.03	2.12
Total Revenue:	**8729.20**	**8976.72**	**9255.05**
EBITDA:	391.76	425.12	482.413
Depreciation	176.09	182.13	188.28
Cost savings	10.22	21.06	43.39
EBIT:	225.90	264.05	337.51
Interest Expense:	85.38	84.30	84.92
Pre-Tax Income:	140.51	179.75	252.60
Net Income:	88.52	113.24	159.14
Share Count	89.95	89.95	89.95
EPS:	**0.98**	**1.26**	**1.77**
FCF	147.3	158.6	176.8
Accretion / (Dilution):	**33%**	**61%**	**119%**
FCF from Dole	64.85	73.03	88.04
Cash return on investment (pre tax)	4.90%	5.52%	6.65%
Cash return on investment (after tax)	3.09%	3.48%	4.19%

Appendix C6: EPS Accretion (Dilution) of Dole Acquisition - Sensitivity analysis:

		Purchase consideration - % debt					
		0%	25%	50%	**60%**	75%	100%
Synergy % Dole's Sales	0%	-8.6%	-2.3%	7.5%	13.2%	25.0%	64.9%
	1%	-3.0%	4.5%	16.3%	23.1%	37.2%	85.0%
	2%	2.7%	11.4%	25.1%	**33.0%**	49.4%	105.1%
	3%	8.3%	18.3%	33.9%	42.9%	61.7%	125.2%

		Purchase consideration - % debt					
		0.0%	25.0%	50.0%	**60.0%**	75.0%	100.0%
Synergies % Combined Costs	0%	-2.8%	4.7%	16.5%	23.3%	37.5%	85.5%
	1%	2.7%	11.4%	25.1%	**33.0%**	49.4%	105.1%
	2%	8.1%	18.1%	33.7%	42.6%	61.4%	124.7%
	3%	13.6%	24.8%	42.3%	52.3%	73.3%	144.3%

Appendix C7: Net Financial Debt/EBITDA following Dole Acquisition - Sensitivity analysis:

		Purchase consideration - % stock					
		0.0%	25.0%	50.0%	**60.0%**	75.0%	100.0%
Synergy % Dole's Sales	0%	0.9 x	2.3 x	3.7 x	4.3 x	5.1 x	6.5 x
	1%	0.9 x	2.2 x	3.6 x	4.2 x	5.0 x	6.4 x
	2%	0.8 x	2.2 x	3.5 x	**4.0 x**	4.8 x	6.2 x
	3%	0.8 x	2.1 x	3.4 x	3.9 x	4.7 x	6.0 x

		Purchase consideration - % stock					
		0.0%	25.0%	50.0%	**60.0%**	75.0%	100.0%
Synergies % Combined Costs	0%	0.8 x	2.2 x	3.5 x	4.0 x	4.8 x	6.2 x
	1%	0.8 x	2.2 x	3.5 x	**4.0 x**	4.8 x	6.2 x
	2%	0.8 x	2.2 x	3.5 x	4.0 x	4.8 x	6.2 x
	3%	0.8 x	2.2 x	3.5 x	4.0 x	4.8 x	6.2 x

Appendix C8: Cash Conversion Peer Group: Dole's acquisition analysis:

Year	Bonduelle	Greenyard	Total Produce	Fresh Del Monte
2004	16%	185%	41%	46%
2005	-46%	-34%	60%	25%
2006	24%	37%	56%	65%
2007	14%	38%	92%	34%
2008	34%	113%	102%	64%
2009	-16%	38%	98%	119%
2010	62%	44%	96%	179%
2011	70%	-29%	26%	108%
2012	28%	98%	102%	58%
2013	21%	61%	103%	368%
2014	101%	64%	96%	50%
2015	35%	0%	120%	118%
2016	58%	44%	62%	77%
Average	31%	51%	81%	101%
Median	28%	44%	96%	65%
Group Median	**59%**			

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