



Press release

Lochem, 29 August 2014

Strong improvement in operating result in the first half of 2014 **Earnings per share up by 21%**

Highlights first half 2014:

- Operating result increased by 33% to € 27.2 million, compared with € 20.5 million in the first half of 2013
- Compound feed volume rose slightly by 1% to 3.2 million tonnes, partly on the back of the acquisition of HST Feeds. Excluding the impact of acquisition, compound feed volume remained unchanged
- Turnover declined by 9% to € 1,249 million, due to a drop in raw materials prices
- Gross profit up by 6% compared to the first half of 2013; all countries contributed to this increase
- Increase in solvency to 45.9%, from 44.2% at year-end 2013
- Solid progress in One ForFarmers strategic programme: internal organisation strengthened and total re-branding of the activities has been launched, with the exception of Reudink, Pavo and PoultryPlus
- Continued expansion in United Kingdom with the acquisition of HST Feeds in February and Wheyfeed shortly after the end of the first half of the year

Consolidated key figures:

Amounts in millions € (unless stated otherwise)	1st half 2014	1st half 2013	Change in %
Volume compound feed (x 1,000 tonnes)	3,215	3,174	1%
Gross turnover	1,249.4	1,377.0	-9%
Gross profit	198.4	187.1	6%
Operating result	27.2	20.5	32.7%
Result after tax	18.8	15.5	21%
	Per 30-06-2014	Per 31-12-2013	
Group equity	346.3	342.7	
Solvency	45.9%	44.2%	
Result after tax per share (x 1 €)	0.18	0.15	21%

Yoram Knoop, CEO ForFarmers: "In the first half of 2014 ForFarmers realised a strong improvement in its operating result. The decline in turnover was caused by lower raw material prices which were passed on to our customers. Gross profit was up 6% in the first half of the year, because of synergy in the area of nutritional expertise. We continued our international expansion in the first half of the year. In February 2014, we acquired HST Feeds in the United Kingdom and shortly after the end of

the first half of the year we announced the acquisition of Wheyfeed, also in the United Kingdom. Both acquisitions will contribute to earnings per share in the current financial year.

This year we announced our sharpened strategic course under the header 'One ForFarmers'. The aim of the One ForFarmers programme is to intensify cooperation within the group. In the context of this programme, we will in the coming months begin the re-branding of our activities in the United Kingdom to the ForFarmers brand and this brand will be used by all other ForFarmers companies within the next 12 months, with the exception of Reudink, Pavo and PoultryPlus. In addition, we recently began a further sharpening of the strategy, with a view to investing in the effectiveness and steering of our organisation. The professionalisation and increase in scale of the agricultural companies who are our clients continues unabated, which has in turn led to structural changes in their demand. Our client-focused proposition, combined with a strong operational efficiency, provides us with the opportunity to strengthen our market leadership. In the course of the second half of the year, we will define the targets associated with the sharpened strategy in more detail, after which implementation will follow."

General

In the agricultural sector, farmers continue to see pressure on returns. This applies to all sector with the exception of the dairy sector. Market conditions are difficult in the pig and poultry sector and especially difficult in the layers sector.

Turnover and result

In the first half of 2014, ForFarmers recorded **turnover** of € 1,249.4 million. This is a decrease of € 127.6 million compared to the same period of 2013, largely due to the fall in raw material prices. ForFarmers was nevertheless able to realise solid half-year results due to focus on products based on an optimal nutritional expertise, combined with the company's growing efficiency. Gross profit in the first half of the year increased in all countries when compared to the same period last year. The currency effects of the British pound increased the operating result by € 0.3 million, while the acquisition effect on the operating result was € 0.3 million.

Compound feed volumes increased slightly in the first half of the year (1%), compared to the first half of 2013. All countries contributed to this increase with the exception of the Netherlands where the compound feed volume fell slightly. Excluding the impact of the acquisition, volume in compound feeds remained unchanged.

ForFarmers increased **gross profit** to € 198.4 million in the first half of 2014, compared to € 187.1 million in the same period in 2013. All countries contributed to this increase. Gross profit in the first half was enhanced by the focus on products based on optimal nutritional expertise.

The higher gross profit was partially offset by an increase in **operating expenses** to € 174.5 million in the first half of 2014, versus € 169.7 million in the prior year period. This increase was partly due to a one-off charge of € 2.1 million relating to the intended closure of a production plant in Deventer. Operating expenses in the first half of 2014 also included one-off costs relating to the exploration and preparation for the company's possible public listing. Excluding these one-off charges, the exchange rate effect and the impact of the acquisition, operating expenses were slightly lower in the first half of 2014.

The **operating result** increased to € 27.2 million, compared to € 20.5 million in the same period of 2013. All countries contributed to this increase. The operating result excluding acquisitions and currency effects amounted to € 26.6 million in the first half of the year.

Result after tax increased by 21% to € 18.8 million. The result recorded in the first half of the year 2013 was enhanced by a one-off net gain of € 1.6 million from the sale of the company's minority stake in Agrovision B.V.

Developments per country

	Gross turnover (in millions €)		
	1st half 2014	1st half 2013	Change in %
The Netherlands	509.5	575.6	-11%
Germany	255.3	294.2	-13%
Belgium	113.7	122.2	-7%
United Kingdom	370.9	385.0	-4%
Total	1,249.4	1,377.0	-9%

The Netherlands

Compound feed volume in the Netherlands decreased slightly compared to the first half of 2013. This reduction was most significant in the pig and poultry sector. The pig sector continues to shrink. In addition, this sector is undergoing changes to rations, whereby more single feeds are being used, which in turn has led to a slight fall in compound feed sales. The layers sector is suffering from a continuing decline in the number of animals. The decrease in compound feed use in these sectors is in line with market developments.

Gross profit was higher due to the integration of the product ranges during the course of 2013. This development more than offset the decrease in volumes.

Reudink's organic feeds' contribution to gross profit was higher in the first half of 2014 compared to the same period in 2013. Finally, the roughage and arable farming sectors had a good season with higher volumes in the first half of 2014 compared to prior year having a positive impact on gross profit.

Germany

The increase in compound feed volume in Germany exceeded the overall market average, which showed slight growth. All sectors contributed to this increase, demonstrating that targeted sales efforts, with a focus on particular growth segments, are having a positive impact. In particular, the pig and cattle sectors benefited from the clear focus on customers. The positive developments of the trans-shipment activities in the joint venture HaBeMa also contributed to the improvement in gross profit.

Belgium

Compound feed volume increased in Belgium, primarily due to gaining new customers in the pig and cattle sectors. In addition, ForFarmers' growth kept pace with that of its customers, which are largely located in the growth segments of the market. The poultry sector is relatively lagging behind. The increase in gross profit in Belgium was due to both an increase in volume and to a focus on products based upon optimal nutritional expertise.

United Kingdom

Compound feed volume increased in the UK on the back of the acquisition of HST Feeds. Excluding this acquisition, there was a slight decrease in volume. The pig sector performed well in terms of volume, whilst volume in the cattle sector slightly decreased. Excluding acquisition effects, the slight decrease in gross profit was largely caused by the very different weather conditions in the first half of 2014 compared to the previous year. Animals were kept inside for a longer period in 2013.

Capital structure and solvency

Group equity in the first six months of 2014 increased to € 346.3 million, € 3.6 million higher compared to 31 December 2013. The key factor in this increase was the profit realised in the current financial year less dividends paid (€ 14.4 million). The amount of the exchange rate difference relating to the UK operations has also been booked as a direct change in shareholders' equity. Furthermore an additional amount of € 3.5 million for pension costs has been booked against equity. These

developments combined resulted in an increase in the solvency ratio to 45.9% at the end of June 2014, from 44.2% at year-end 2013.

Net debt, representing gross bank debt less bank balances, went down by € 0.3 million compared to year-end 2013. This was due to the operational cash flow in the first half of the year. This was offset by outgoing cash flows for the dividend payment relating to 2013, regular loan repayments, the acquisition of HST Feeds Ltd and investments in tangible fixed assets. The strong balance sheet and healthy cash position places ForFarmers in a position to move forward in a responsible way with the strategic road map and the sharpening of the strategy.

Special developments

The 2014 interim results include a one-off charge of € 2.1 million relating to the intended closure of one of the two existing production plants in Deventer. The Works Council has been informed based upon its advisory capacity in this process. The production at the facility in Deventer will be transferred to other locations. ForFarmers expects to be able to implement this change without forced redundancies. The move will result in structural savings as from 2015.

In line with the authorisation granted by the General Meeting, the Supervisory Board has appointed KPMG as the new auditor. With effect from the financial year 2014, KPMG will audit the financial statements of ForFarmers B.V.

Strategic developments

ForFarmers wants to contribute towards a better return for its customers by providing the best possible animal nutrition solutions. ForFarmers achieves this by increasingly responding to individual customer needs with client-specific solutions. Initiatives in this area include providing specialist expertise and advice and implementing best-in-class nutritional solutions, using the existing route-to-market. The 'total feed' concept will be further expanded, while maintaining the focus on operational excellence, for the sustainable production of dairy, meat and eggs. ForFarmers is a key link in the feed to food chain, higher production from lower inputs.

In recent months, major progress was made in the One ForFarmers strategic programme. The aim of the programme is to realise a more uniform way of working and the focused use of available expertise to introduce certain products and innovations in local markets. Recently a start was made with the re-branding of the activities in the United Kingdom to the ForFarmers brand. The current plan is to complete the transition of all other activities to the ForFarmers brand within the next 12 months (with the exception of Reudink, Pavo and PoultryPlus). In addition, a start has been made with the further sharpening of the strategy. As part of this process, the 50% stake in Subli B.V. (horse feeds) was sold. In addition, after the first half year, ForFarmers subsidiary Reudink, a manufacturer of organic feeds, announced a strategic partnership with Agrifirm under which Reudink will produce organic feeds for Agrifirm.

The Executive Board has welcomed two new members: Stijn Steendijk as director of Strategy & Organisation and Steven Read as director of Purchasing, Pricing and Formulation. In addition, Nico de Vos will focus on Operations & Supply Chain activities. The Supervisory Board has also announced that it intends to add two new members to the statutory Board of Directors, which currently consists of Yoram Knoop (CEO). The two new members who have been nominated are Jan Potijk (COO, responsible for the ForFarmers activities in the Netherlands) and Arnout Traas (CFO), who both are already members of the current ForFarmers Executive Board. The purpose of this expansion is to further safeguard continuity in the decision-making process of the organisation. The above appointments will be submitted for approval to the General Meeting to be held on 17 September 2014.

Outlook for 2014

ForFarmers' strategy is aimed at providing customers with products based on optimal nutritional expertise, through growth, increase in scale and international expansion. The optimal use of nutritional expertise per individual customer will lead to organic growth. Furthermore, strategic alliances and partnerships will contribute to additional economies of scale and further deepening and

broadening of expertise. Finally, the international expansion, with focus on 'Europe+', will contribute towards expanding and/or acquiring number one and two positions in selected markets. This will be partly realised through acquisitions.

The ambitions of ForFarmers in these areas are currently incorporated into the sharpened strategy. Also in the second half of the year, extra costs will be incurred for the exploration and the preparation for a possible public listing.

For the second half of the current financial year, we expect a continued fluctuation in raw material prices, which has an impact on returns at our clients and at ForFarmers. The current harvest expectations and the expected price developments in the raw material markets compared to the second half of 2013 are likely to result in a decrease in turnover in the second half of this year. This means that the turnover for the full year 2014 is expected to be lower than 2013. ForFarmers will continue its efforts to realise the best possible returns for the customer by providing the 'total feed' concept and by continuously adapting the feed solutions to trends and to market conditions.

Balance sheet and consolidated statement of income

Condensed balance sheet	30-6-2014	31-12-2013
In millions €		
Fixed assets	289.7	277.9
Current assets	465.4	496.6
Total assets	755.1	774.5
Group equity	346.3	342.7
Provisions	87.0	85.6
Long-term debts	118.9	129.3
Short-term debts	202.9	216.9
Total liabilities	755.1	774.5

Condensed consolidated statement of income	1st half 2014	1st half 2013
in millions €		
Gross turnover	1,249.4	1,377.0
Discounts	33.4	30.3
Net turnover	1,216.0	1,346.7
Cost of raw materials and consumables	1,017.6	1,159.6
Gross profit	198.4	187.1
Other operating income	3.3	3.1
Operating income	201.7	190.2
Personnel expenses	66.7	63.6
Depreciation	14.2	11.6
Other operating expenses	93.6	94.5
Operating expenses	174.5	169.7
Operating result	27.2	20.5
Interest income	1.5	1.1
Interest expenses	-2.4	-2.1
Net financing expenses/income	-0.9	-1.0
Result before taxation	26.3	19.5
Taxes	-7.2	-5.4
Share in result from associates	0.0	1.6
Group result after tax	19.1	15.7
Minority interest	-0.3	-0.2
Result after tax	18.8	15.5

Notes to the consolidated interim results

General

These consolidated interim results comprise the financial results of ForFarmers B.V. (the 'company') and its subsidiaries (jointly the "Group") for the period ended on 30 June 2014. The consolidated interim accounts have been prepared in Euro and all amounts have been rounded to the nearest thousand Euro unless indicated otherwise.

Compliance statement

This interim report has been prepared in accordance with the legal provisions of Part 9, Book 2 of the Dutch Civil Code. The interim report does not include all information required for full annual financial statements and should be read in conjunction with ForFarmers B.V.'s consolidated financial statements for the full year 2013.

Audit

The information presented in this interim report has not been audited.

Principles for consolidation and financial reporting

The financial information included in the interim report pertains to the period ended on 30 June 2014 and has been prepared in accordance with the principles for consolidation and financial reporting, as outlined in ForFarmers B.V.'s financial statement for the full year 2013.

Taxes

In the interim financial information, taxes have been recognised in the statement of income on the basis of the estimated applicable rate for the corporate income tax.

Dividend

The dividend was set at € 0.136 per share at the General Meeting of 15 April 2014. On 25 April 2014, € 14.4 million was paid out in cash dividend, and charged to the other reserves.

Off-balance sheet rights and liabilities

The off-balance sheet rights and liabilities, as reported in the 2013 financial statements, have not changed significantly in the first half of the 2014 financial year.

Subsequent events

On 2 July 2014, ForFarmers B.V. acquired 100% of the share capital in Wheyfeed Holdings Ltd., the owner of Wheyfeed Ltd. Wheyfeed Ltd., based near Nottingham, sells and distributes more than 200,000 tonnes of liquid by-products per year in the United Kingdom. The company has 82 employees, a fleet of 35 liquid tankers and the turnover in 2013 was € 12.5 million. The price is based on a net enterprise value of € 5.0 million.

Notifications and disclaimer

REPORTING STANDARDS

The figures in this press release are derived from the 2014 interim figures ForFarmers, which have not been audited. The 2014 interim report and the figures derived from same in this press release were drawn up in accordance with Dutch reporting standards.

SUPERVISION

In view of the fact that the (depository receipts for) shares can be traded on the current external platform, ForFarmers is subject to the supervision of the Dutch Financial Markets Authority (AFM) and the company acts in accordance with the prevailing rules for security-issuing companies.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements, including those relating to ForFarmers' legal obligations in terms of capital and liquidity positions in certain specified scenarios. In addition, unqualified forward-looking statements may include such phrases as "intends to", "expects", "takes into account", "is aimed at", "plans to", "estimated" and the like. These statements pertain to or may affect matters in the future, such as ForFarmers' future financial results, business plans and current strategies. Forward-looking statements are subject to a number of risks and uncertainties, which could lead to material differences between actual results and performance and expected future results or performances that are implicitly or explicitly included in the forward-looking statements. Factors that could result in deviations from the current expectations or may contribute to same include but are not limited to: developments related to legislation, technology, taxes, jurisprudence and

regulations, share price fluctuations, legal procedures, investigations by supervisory bodies, changes in competition and general economic conditions. These and other factors, risks and uncertainties that may affect any forward-looking statements or the actual results of ForFarmers, are outlined in the 2013 annual report. The forward-looking statements in this press release are only statements as per the date of this document and ForFarmers accepts no obligations or responsibility whatsoever for any changes made to the forward-looking statements contained in this document, regardless of whether said changes relate to new information, future events or otherwise, unless ForFarmers is legally obliged to do so.

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ForFarmers (Lochem, the Netherlands) is an internationally operating company active in the field of conventional and organic feed solutions for the animal husbandry sector. ForFarmers is the European market leader, with annual volumes of around 8.5 million tonnes of animal feeds, around 75% of which is in compound feeds. In addition to animal feeds for the cattle, pig-farming, poultry and equine sectors, ForFarmers supplies trade goods for the arable and grassland farming sectors. ForFarmers also offers its clients additional know-how and advice in the fields of nutrition, farming and business development.

Given its position in the food chain, ForFarmers' goal is to be leading on the sustainable business front. Through the efficient production of animal feeds and by devising products and concepts that ensure a healthier and better quality of life for animals (improvement of feed efficiency), ForFarmers contributes to economically viable and sustainable food production. For such purposes, the company has its own innovation centre, which cooperates closely with leading research institutes and universities.

In 2013, ForFarmers recorded net turnover of € 2.6 billion. The company has a workforce of more than 2,200 employees and production facilities in the Netherlands, Belgium, Germany and the United Kingdom.

As per 15 April 2014 Coöperatie FromFarmers held 73.3% of the control and, together with the certificates of members, 77.9% of the control over ForFarmers B.V. FromFarmers is a cooperative with 6,300 members and is based in Lochem, the Netherlands. The cooperative's activities consist of the management of its participation in ForFarmers B.V.

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