



## PRESS RELEASE– Annual results 2013

Lochem, the Netherlands, 25 March 2014

### ForFarmers books satisfactory results in year of consolidation and integration

*Dividend 18.1% higher at € 0.136 per share*

#### Highlights

- Turnover up by 29.5% to € 2.6 billion, with 26.5% of this from acquisition effects
- Gross profit pressured by exchange rate effects and greater volatility of raw materials prices
- Lower operating profit and profit after taxes, largely due to extra addition to provision for receivables
- Integration of Hendrix and BOCM PAULS virtually complete
- Financial position further strengthened
- Sharpening of strategic focus and start made on building 'One ForFarmers'

#### Key figures

<i>(€ x 1 million)</i>	<b>2013</b>	<b>2012</b>	Pro forma <b>2012<sup>1</sup></b>
Turnover	<b>2,625</b>	2,026	2,564
Gross profit	<b>387.5</b>	310,6	400.9
Operating income	<b>43.0</b>	51.8	58,2
Result after taxes	<b>31.1</b>	37.2	39.2
Result after taxes from discontinued operations <sup>2</sup>	-	15.5	
Total result	<b>31.1</b>	52.7	

<sup>1</sup> Based on the assumption that the acquisitions of Hendrix (NL: 2012) and BOCM PAULS (UK: 2012) were effectuated as per 1 January 2012.

<sup>2</sup> 2012: Result from operations and proceeds from sale of Cefetra (57.7% stake) and Probroed (33.4% stake)

**Yoram Knoop, CEO ForFarmers:** "The year 2013 was for us largely dominated by the integration of Hendrix and BOCM PAULS. Underlying turnover and results proved to be relatively robust and were in line with expectations, despite the challenging market conditions. We further strengthened our financial position, partly due to more effective working capital management and the proceeds from the sale of Cefetra. The steps we took last year have put us in a solid position to start really building on 'One ForFarmers'. This will require further internationalisation and increases in scale, in combination with our focus on operational excellence, which together will enable us to offer our clients the very best price/value ratio and to continue investing in know-how and innovation.

The ongoing professionalisation and increases in scale in the agrarian business sector, the increasing complexity of the legislative and regulatory environment and social issues such as food safety, sustainable business and environment and animal friendly production are creating an ever increasing demand for higher feed efficiency, specialist know-how and more client-specific animal nutrition solutions. Due to our strong international market position in compound feed and our total feed to farm concept, we are able to respond in a highly focused manner to these changing client needs. Our strategic roadmap 'Route 16' shows the direction we want to move in. We have already realised some of our goals and we now want to look further into the future than 2016. In 2014, we have made a start on sharpening the focus of our strategy and we will be investing in making our organisation more effective and more agile. More uniform working methods will enable us to improve the fulfilment of our client proposition."

#### Dividend proposal

*It will be proposed to the Annual General Meeting to pay out 50% (2012: 30%) of the net profit, corrected for one-off income (such as book profits and taking into account taxes), of € 28.8 million, or € 0.136 (2012: € 0.115) per share, as dividend. This proposal is in line with adjustment of the dividend policy approved in November 2013 and corresponds with an amount of € 14.4 million (2012: € 12.2 million).*

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**Press release annual results 2013**



### Turnover and profit

ForFarmers recorded **turnover** of € 2,625 million in the full year 2013, an increase of 29.5% compared with 2012. Consolidation effects accounted for 26.5% of this increase, as a result of the acquisition of Hendrix (NL, B, Ger) and BOCM PAULS (UK), which were consolidated in the 2012 results for nine and six months respectively. Compared with the pro forma 2012 results, turnover was up by 2.4%. The increase in turnover (in local currency terms) was particularly strong in the UK, with a rise of 15.3%. Germany and Belgium booked a slight dip in turnover last year. Turnover from organic compound feed is still modest, but increased in 2013.

### Turnover per country

<i>(€ x 1 million)</i>	<b>2013</b>	<b>2012</b>	Pro forma <b>2012<sup>1</sup></b>
The Netherlands	1,053	910	1,048
Germany	577	545	587
Belgium	237	191	245
United Kingdom	727	360	656
Other countries	31	20	28
<b>Total</b>	<b>2,625</b>	<b>2,026</b>	<b>2,564</b>

<sup>1</sup> Based on the assumption that the acquisitions of Hendrix (NL: 2012) and BOCM PAULS (UK: 2012) were effective as per 1 January 2012.

The **volume** of compound feed sold increased 30.7% to 6.4 million tonnes in 2013. This was due to a particularly strong organic increase in the sales volumes of compound feed in the United Kingdom, and a more modest increase in Belgium, while compound feed sales volumes were down in the Netherlands and Germany. Volumes were up 2.2% compared with the pro forma 2012 results.

The first full year contribution of Hendrix and BOMC PAULS and the strong organic contribution from the UK operations had a positive impact on **gross profit**. Gross profit rose by 24.8% to € 387.5 million. Gross profit fell by € 13.4 million compared with the pro forma 2012 results. At constant rates, this drop came in at € 7.5 million. The decrease in gross profit was due to the greater volatility of raw materials prices during the year under review and compared with the previous year, which pressured margins, especially in Belgium and Germany.

**Result after taxes** fell to € 31.1 million from € 37.2 million in 2012. The decline in result after taxes came in at € 8.1 million when compared with the pro forma 2012 results. This drop was due to the lower gross profit, which was partly offset by structural cost savings and synergy effects in the production and logistics processes and at the staff departments, as a result of the acquisitions made in 2012. Operating expenses did nonetheless increase fractionally compared with the pro forma 2012 results on account of one-off charges and temporary effects and came in at € 351.5 million. At constant rates, this rise amounted to € 5.6 million, or an increase of 1.7%.

Operating expenses for 2013 were negatively impacted by an extra addition of a total of € 9.0 million to the provision for receivables (related to two large clients) and redundancy expenses related to the integration of acquisitions. In addition, the implementation of the production master plan led to a temporary increase in transport costs. Depreciations were higher in 2013, due to an impairment of €2.1 million taken on fixed assets that are no longer of operational use.

**Total result** (after taxes) came in at € 31.1 million, compared with € 52.7 million in 2012. The 2012 results included a profit from discontinued activities of € 15.5 million, related to Cefetra and Probroed.

### Capital structure and solvency

Thanks to the addition of the retained 2013 profit, **solvency** increased to 44.2% at year-end 2013, from 40.1% at year-end 2012.

The **operational cash flow** came in at € 55.4 million in 2013 (2012: € 48.2 million). This increase was largely due to improvements in working capital.

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ForFarmers made total **investments** of €29.1 million in 2013 (2012: €23.4 million), making investments higher than depreciations (€ 18.9 million). ForFarmers' production facilities have sufficient capacity to meet market demand. In the year under review, ForFarmers' investments included the implementation of new IT systems related to the integration of ForFarmers and Hendrix. All ForFarmers facilities in continental Europe, including Hendrix, now operate on a single integrated SAP system. The company's investments also included the regular replacement of production and transport equipment and the refitting of its production facilities in line with the requirements of the production master plan. This included the conversion of the former Hendrix plant in Lochem into a specialised production facility for organic compound feed with extra capacity, to enable ForFarmers to respond more effectively to the increasing demand for organic food.

**Current assets** increased by € 65.9 million, largely due to the receipt of the final part of the proceeds from the sale of Cefetra and Probroed in 2012.

Given ForFarmers' strong balance sheet and its healthy liquidity, the company is in a good position to execute and sharpen the focus of its current strategic roadmap 'Route 16'.

#### **Post balance sheet date events**

On 3 February 2014, ForFarmers announced it was acquiring 100% of the share capital of HST Feeds Ltd (UK). HST Feeds is based in Crewe (Cheshire) and sells around 140,000 tonnes of cattle feed and poultry compound feed in the North-West of England. HST Feeds operates according to the principle of operational excellence and the delivery of innovative solutions and feed programmes with added value for its clients. The acquisition price is based on an enterprise value of € 15 million, including liquid assets. HST Feeds will operate as part of the ForFarmers Business Unit BOCM PAULS.

#### **Sharpening of strategic focus and spearheads 2014**

In the years ahead, there will be a continuation of the professionalisation and increases of scale among ForFarmers clients (agrarian entrepreneurs) right across the EU, in response to the persistent pressure on the margins for their products. This pressure is the result of the increased purchasing power of large food retailers, the complexity of the legislative and regulatory environment and the related focus on food safety, sustainable business, the environment and animal welfare.

This has led to a structural shift in client demand. ForFarmers wants to use its market-leading position in compound feed and its 'total feed to farm' concept to respond to the growing demand from clients for increased feed efficiency. The company wants to do this in combination with specialised know-how and advice on the best animal nutrition solutions taking into account their clients' individual situation and entrepreneurial goals. The realisation of this client proposition will require extra innovative potential and production development, which in turn can give an extra boost to sales of specialties and support programmes. This will require increases in scale, international growth through acquisitions and a constant focus on operational excellence, which will enable us to offer clients the best price/value ratio and higher, more predictable returns.

With this objective in mind, the current strategic roadmap 'Route 16: *The way we work*' defines an overall approach that lays down the route to the goals for 2016 and how ForFarmers wants to achieve that together with its staff. Some of these goals have already been reached over the past year and to retain the desired long-term perspective as a company, this year a start has been made with regard to sharpening the focus of the ForFarmers' growth strategy, set against a new, longer-term (targets) horizon.

The progress made in 2013 has put us in an excellent position to really start building on 'One ForFarmers'. This is primarily about intensifying cooperation within the group, more uniform working methods and a conscious application of existing know-how to market certain products and innovations in local markets. To help achieve this, in 2014 the company will invest in making its organisation more effective and more agile. The executive leadership team will be expanded to nine members from the current six, to develop group-wide functional responsibilities in addition to the existing Business Unit responsibilities. The company will also be bolstering its organisation on fronts such as marketing & innovation, purchasing & policy formulation, operations & supply chain and human resources. Purchasing processes and purchasing conditions will be centralised, standardised and tightened. Human resources policies also need continued development across the group. ForFarmers plans to expand the internationally-operating innovation team, which will increase its focus on forging and expanding strategic alliances with partners and joint ventures with universities and research institutes. On the sustainable business front, the company will be adopting a more integrated and structured sustainability policy to obtain the desired leading position on this front in the years ahead.

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### **(Market)outlook 2014**

In 2014, it is anticipated that clients will be again confronted with a highly competitive market. In this respect, the beef cattle sector in general and the pig farming sector in the United Kingdom are in a stronger position. For the 2014 financial year, a continuation of the high volatility in raw materials prices is expected, which will have an impact on the margins of clients and ForFarmers.

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Note for editors :

### **About ForFarmers**

**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.

At year-end 2013, **Coöperatie FromFarmers** held 74.1% of the control and, together with the certificates of members, 78.6% of the control of ForFarmers B.V. FromFarmers is a cooperative with 6,300 members and is based in Lochem. The cooperative's activities comprise the management of its participation in ForFarmers B.V.

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### **PRESS CONFERENCE ANNUAL RESULTS ON 25 MARCH 2014**

ForFarmers will hold a press conference today at its head office at Kwinkweerd 12, Lochem, from 10.00 am.

### **PUBLICATION ANNUAL REPORT 2013**

The ForFarmers annual report 2013 (including the financial statements) is available for download today on the ForFarmers website ([www.forfarmers.eu](http://www.forfarmers.eu)).

### **REPORTING STANDARDS**

The annual figures in this presentation have been derived from the ForFarmers 2013 financial statements, which were granted an unqualified auditor's report by Ernst & Young Accountants LLP on 20 March 2014. The 2013 financial statements and annual results in this presentation derived from same have been drawn up in accordance with Dutch financial reporting standards. As from the 2014 financial year, ForFarmers will report its annual results entirely on the basis of International Financial Reporting Standards (IFRS).

### **COMPARATIVE FIGURES 2012**

The comparative figures for 2012 have been presented on the basis of continued activities. Continued activities are taken to refer to all ForFarmers activities, excluding participations in Cefetra B.V. and Probroed B.V. (discontinued activities). This press release explicitly states when comparative figures for 2012 are shown that relate to these discontinued activities.

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**Press release annual results 2013**

**PRO FORMA FIGURES 2012**

The pro forma figures for 2012 comprise ForFarmers results for the full year, based on the assumption that the 2012 transactions (acquisition of Hendrix and BOCM PAULS, sale of Cefetra and Probroed) were all effective as of 1 January 2012 and that the results of the disinvested participations in Cefetra B.V. and Probroed B.V. have been eliminated for the full year 2012. For additional information on these transactions, is referred to the notes to the consolidated financial statements. The pro forma figures for 2012 have not been audited.

**SUPERVISION**

In view of the fact that (certificates of) shares are freely tradable on the current trading platform, ForFarmers operates under the supervision of the Financial Markets Authority (AFM) and the company acts in accordance with the prevailing regulations for securities-issuing companies.

**REPORTING CYCLE**

Starting from the 2014 financial year, ForFarmers will also publish interim results.

**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, forward-looking statements, without limitation, may comprise such phrases as "intends to", "expects", "takes into account", "is aimed at", "plans to", "estimated" and similar. 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 may mean that there could be 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 may result in variations on the current expectations or may contribute to same include but are not limited to: developments in legislation, technology, jurisprudence, 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 discussed in the 2013 annual report. The forward-looking statements in this press release are statements only from the date of this document and ForFarmers accepts no obligations or responsibility for any changes made to the forward-looking statements contained in this document, regardless of whether they relate to new information, future events or otherwise, unless ForFarmers is legally obliged to do so.

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**Press release annual results 2013**