



Press Release

Lochem, 11 May 2017

ForFarmers first quarter 2017 Trading Update

Highlights first quarter 2017*:

- Volume Total Feed: growth in the clusters the Netherlands and Germany/Belgium is higher than the decline in the United Kingdom
- Gross profit: marginal growth (including significant negative currency translation impact Pound sterling)
- EBITDA: marked growth
- Market circumstances in the United Kingdom remain challenging in the short term

The volume Total Feed has increased in the clusters the Netherlands and Germany/Belgium. The volume growth includes like-for-like growth and the contribution of the swine feed company Vleuten-Steijn which was acquired on 1 October 2016. Volumes declined in the United Kingdom, particularly in the ruminant sector. Moreover, the volume decline can be explained by the divestment, in the second quarter of 2016, of the non core activities Wheyfeed transport and Leafield.

The total volume of compound feed has increased in the first quarter of 2017. Vleuten-Steijn has also contributed positively to this growth. Revenue has increased on higher volumes and higher raw material prices which are passed on to customers. The reported gross profit has increased somewhat, including a significant negative currency translation impact of the devaluated Pound sterling.

"We are satisfied with the further roll out of our Horizon 2020 strategy which has resulted in a growing Total Feed volume and cost control. We continue to focus on selling more Total Feed to existing and new customers. We do this with innovative and sustainable solutions that help our customers improve their returns. Generally, our customers are in a better financial position than a year ago. The effects of the phosphate regulation in the Netherlands will, however, impact on us particularly in the second half of this year. The market circumstances in the United Kingdom remain challenging in the short term. The uncertainty with respect to the consequences of the Brexit for our customers in the United Kingdom makes them cautious in making longer term decisions. The first quarter results make us feel confident that we are on course with the realisation of our Horizon 2020 strategy and the earlier disclosed target with respect to an average EBITDA growth of mid single digits at constant currencies", states Yoram Knoop, CEO of ForFarmers.

(*) Results and developments of the first quarter 2017 are compared to the first quarter 2016, unless stated differently

Developments per cluster

The Netherlands

ForFarmers has sold more volume of Total Feed in the first quarter of this year. This is due to both like-for-like and acquired growth (Vleuten-Steijn). Volume in the ruminant sector has increased somewhat. However, as of 1 March 2017 phosphate-reducing measures have been imposed on dairy farmers in order for the sector to comply with the phosphate ceiling, as set by the EU, by the end of this year. It is expected that the measures will lead to a reduction in the number of animals in 2017 and consequently to a limited decline of the feed volume to the dairy sector. The volume in the slightly shrinking swine sector has increased significantly. This is fully attributable to the acquisition of Vleuten-Steijn. Swine farmers have seen the prices for pig meat improve lately due to the continuing strong export to China. In order to achieve a permanent improvement of the sector, ForFarmers supports the Coalition Vitalisation Swine farming that is aiming for more demand-driven production.



Some more volume has been sold both to layer farmers and broiler farmers. Broiler farmers continue to be faced with competition out of Eastern Europe, especially in the field of conventional broiler farming. Reudink (organic feed) has continued the increasing volume trend of the past years in the first quarter of 2017.

Germany / Belgium

Total Feed volume has increased in all sectors in the first quarter of 2017 due to sales to new customers in both countries. The volume growth in the ruminant sector is attributable to, among other things, attracting a number of new, larger, dealers in Germany dedicated specifically to the ForFarmers assortment. In the swine sector, the volume increase is mainly due to a larger customer base. As in the Netherlands swine farmers benefit from the higher pig meat prices. Swine farmers in Germany are, however, increasingly faced with new sustainability and environmental regulations which can limit their expansion possibilities and increase their business costs. More volume has been sold in the poultry sector, both to broiler farmers as to new customers in the layer sector.

United Kingdom

In the first quarter 2017 less volume Total Feed has been sold. Farmers are uncertain about the (financial) consequences of the Brexit for the agricultural sector. They are therefore cautious in taking investment decisions with respect to possibly increasing of their herd size or expanding or improving their farm businesses. As a result of the very low milk prices in the first half of 2016, dairy farmers started to reduce their herds. Milk prices have improved as of the second half of last year. Recovery of the herd size is taking longer than expected. The smaller dairy herd and increased competition in this sector have resulted in clearly lower volumes in the ruminant sector in the first quarter of 2017. Based on the volume development to swine farmers in the first quarter of this year, it appears that prolonged volume decline has been brought to an end. An increase of the pig herd is, however, not yet evident. The impact of the strongly devaluated Pound sterling (first quarter 2017 compared to first quarter 2016) has led to a translation loss in ForFarmers' consolidated result (in euro).

The initiated reorganisation in the United Kingdom in the second half of 2016 has already led to a decrease in operational costs in the first quarter of 2017, albeit that these are not sufficient to compensate the decline in margin. The new central office in Bury St. Edmunds, where several administrative departments have been brought together to improve operational efficiency, has recently been opened. The supply chain optimisation plans in the United Kingdom, as announced in the annual results release, are currently being finalised in detail and various projects have started. The benefits of this are planned to be evident in the results as of 2018.

One ForFarmers

The CRM (customer relationship management) system supporting the commercial organisation is currently operational in all clusters. The objective is to deliver optimal service in the most efficient manner. The One ForFarmers programmes and projects with respect to logistics and non-feed related procurement, contributed to cost control.

Sustainability and innovation

ForFarmers aims to help improve returns on farm by providing advice and nutritional solutions that lead to healthier livestock and greater efficiency, and enhanced sustainability. ForFarmers' Innovation programme is at the core of this objective. In the first quarter of 2017 a lot of emphasis has been put on feed solutions, advice and tools for dairy farmers, but also for pig farmers, to help them monitor and reduce phosphate production. This topic is currently particularly relevant in the Netherlands. ForFarmers is also proactive in reducing in-feed medication, particularly in the United Kingdom where this approach is still commonplace. Accordingly, a number of AMR* conferences have been organised by ForFarmers in the past quarter to discuss this topic with UK pig farmers, veterinarians, processors and retailers. Recently, a concept to support gut health has been launched as part of the VIDA piglet feed range that is offered to all ForFarmers customers. This concept has been developed in-house by the Nutrition Innovation Centre and contributes to a better intestinal gut



health for weaner piglets. Aside from a further improvement of the feed conversion, this concept leads to greater piglets vitality and higher growth rates.

This press release contains information which qualifies as inside information within the meaning of article 7, paragraph 1 of the EU Market Abuse Regulation.

(*) AMR means Anti Microbial Resistance

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Company profile

ForFarmers N.V. ('ForFarmers', Lochem, the Netherlands) is an internationally operating feed company that offers total feed solutions for conventional and organic livestock farming. ForFarmers gives its very best **"For the Future of Farming"**: for the continuity of farming and for a financially secure sector that will continue to serve society for generations to come in a sustainable way. By working side-by-side with farmers ForFarmers delivers real benefits: better returns, healthier livestock and greater efficiency. This is achieved by offering tailored and Total Feed solutions and a targeted approach with specialist and expert support.

With sales of approximately 9.3 million tons of feed annually, ForFarmers is market leader in Europe. ForFarmers has 2,273 employees and production facilities in the Netherlands, Belgium, Germany and the United Kingdom. In 2016, revenues amounted to over €2.1 billion.

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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 include such phrases as "intends to", "expects", "takes into account", "is aimed at", "plans to", "estimated" and words with a similar meaning. 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 the same include but are not limited to: developments in legislation, technology, jurisprudence and regulations, share price fluctuations, legal procedures, investigations by regulatory bodies, the competitive landscape 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 last published annual report. The forward-looking statements in this press release are only statements as of the date of this document and ForFarmers accepts no obligation or responsibility with respect to any changes made to the forward-looking statements contained in this document, regardless of whether these pertain to new information, future events or otherwise, unless ForFarmers is legally obliged to do so.