



Press Release

Lochem, 1 November 2018

ForFarmers third quarter 2018 Trading Update

Highlights third quarter 2018¹:

- Volume Total Feed²: growth; increase in the clusters Germany/Belgium/Poland and the United Kingdom, decrease in cluster the Netherlands
- Gross profit: growth in all clusters
- Underlying EBITDA³: marked decrease; increase in the clusters Germany/Belgium/Poland and the United Kingdom, decrease in the Netherlands
- Tasomix (Poland) consolidated as of 1 July in cluster Germany/Belgium/Poland; Maatman consolidated as of 3 September in cluster the Netherlands

Underlying EBITDA in the third quarter 2018 was mainly negatively impacted by rising raw material and energy prices and positively by the consolidation of acquisitions. The extreme summer weather in July and August led to deteriorating expectations of harvests and consequently to rapidly and unexpected rising raw material prices. Especially ForFarmers the Netherlands and Tasomix could not fully pass on the effects of the hike in raw material prices to customers. Moreover, the drought led to low water levels in the rivers. More vessels and bulk tankers were needed for the transport of raw materials. This resulted in higher inbound logistics costs, particularly in the Netherlands.

'We are satisfied with our strengthened market position in the poultry sector following the acquisitions of Tasomix and Maatman. In addition, the like-for-like development of gross profit particularly in Germany, Belgium and the United Kingdom was positive. The improvement of the results in the clusters Germany/Belgium/Poland and the United Kingdom could not offset the decline thereof, particularly compared to the strong third quarter 2017, in the Netherlands. The integration of the four acquired⁴ activities will continue to lead to extra costs in the coming months which cannot yet be offset by synergy effects. Not having been able to fully pass on the rising raw material and energy costs in the Netherlands and Poland, also negatively impacts on the development of the result of this year. Finally, the recent break-out of African swine fever in the wild boar herd in Belgium is concerning for the pig sector. We have implemented the necessary hygiene protocols and are following the developments closely' states Yoram Knoop, CEO of ForFarmers.

1. Results and developments of the third quarter 2018 are compared to those of the third quarter 2017, unless stated differently
2. Total Feed covers the entire ForFarmers product portfolio and comprises compound feed, specialties, co-products (from the feed industry, referred to as DML products), seeds and other products (such as forage)
3. Underlying EBITDA means EBITDA excluding incidental items
4. The acquisitions in Q3 are Tasomix (Poland) and Maatman (the Netherlands), and in Q4 Voeders Algoet (Belgium) and Van Gorp Biologische Voeders (the Netherlands, Belgium)

Price developments

Milk prices in Northwest Europe increased during the third quarter because of a decline in the milk production due to the summer drought, but were lower than in the same period last year. The pig prices in Europe were lower than in the third quarter last year. After the peak in the average egg prices in Europe in the third quarter last year, when a shortage of eggs emerged due to the fipronil-case, prices started declining again around the second quarter of this year. They are currently lower than in the same period of last year. Prices for broilers have been fairly stable the past months and were somewhat higher compared to the levels in the third quarter of 2017.

Development consolidated results

Total Feed volume increased mainly due to the contribution of the acquisition of Tasomix.

Furthermore, like-for-like volume growth was realised in Germany, Belgium and the United Kingdom. Compared to the strong third quarter in 2017, less Total Feed was sold in the Netherlands. Consolidated volume growth (in percentage terms) in Total Feed was higher than in compound feed. The volume increase in compound feed was nearly fully attributable to the contribution of Tasomix. During the extremely warm summer months the animals ate less, which impacted negatively on Total Feed volume.

Consolidated revenue increased because of volume growth as well as higher raw material and energy prices. Gross profit increased due to the contribution of Tasomix, the product mix with more specialities and to having been able to partly pass on the higher energy and transport costs to customers. Gross profit improved in Germany, Belgium and the United Kingdom. In the Netherlands gross profit barely increased.

Total operating costs were higher. This was mainly because of higher energy and transport costs, consultancy/transaction and integration costs relating to the acquisitions as well as extra costs with respect to the reopening of the mill in Deventer. Consequently, underlying EBITDA was markedly lower than in the third quarter of last year.

Developments per cluster

The Netherlands

Total Feed volume grew slightly, without taking into account the internal shift of Belgian customers for DML-products from the Netherlands to Belgium. The volume in the dairy sector declined. The dairy herd was smaller than in the third quarter last year following the measures to reduce phosphate emissions by cows. Volume increased versus the second quarter of this year as, among others, farmers were short of home grown roughage due to the warm and very dry summer. More volume Total Feed was sold especially to pig farmers. Including the contribution of Maatman, which ForFarmers already mainly produced, Total Feed volume in the poultry sector remained fairly stable. Compound feed volume declined in all sectors. Reudink, which caters exclusively to organic farmers, realised a small volume growth.

Germany/Belgium/Poland

The cluster Germany/Belgium has been expanded with Poland as of the third quarter 2018 following the acquisition of 60% of the shares of Tasomix, a company that is predominantly active in the poultry sector (broilers).

Total Feed volume increased strongly, mainly due to the contribution of Tasomix. Like-for-like a marginal growth was realised, without the effect of the aforementioned internal shift of Belgian customers. In Germany and Belgium more Total Feed was sold to dairy farmers. Total Feed volume was also higher in the swine sector. Volume increased in the German and Belgian poultry sector, especially to layer farmers.

The strong increase of the compound feed volume was nearly fully attributable to the consolidation of Tasomix. Gaining new customers for the compound feed products from the new mill in Pionki (Poland) will take time. The quality of the manufactured compound feed, which is already being sold to customers, is in line with expectations. The compound feed volume in the swine sector in Germany declined slightly due to the new measures aimed at mitigating the environmental impact of phosphate and nitrate.

The United Kingdom

Total Feed volume grew in the third quarter of 2018. The growth, in terms of percentage, in Total Feed volume was higher than that in compound feed. Both Total Feed and compound feed volume sold to dairy farmers increased in particular as, among other things, there was a shortage of home grown roughage due to the warm and very dry summer. More volume was also sold to poultry farmers. In the swine sector volume declined to some extent because of adapting our commercial proposition in which margin enhancement is a key principle.

One ForFarmers initiatives and other

ForFarmers is continuously renewing and optimising feed concepts and tools for farmers. This is done to help farmers increase their return on farm. Using data is increasingly important in this respect. Just recently for instance ForFarmers introduced an app in the Netherlands which makes it significantly easier for dairy farmers to register and analyse the growth of young stock. Dairy farmers also receive weekly management information through this Vita-app.

Following the international introduction of the NOVA sow concept in the third quarter 2017, ForFarmers introduced Agroscoop in the swine sector in the United Kingdom during June 2018. With Agroscoop, pig farmers can monitor the performance of their sows and the weight of the piglets. This helps the pig farmers, alongside the advice of our advisor, to optimise their operational management.

Subsequent events

The acquisition of Voeders Algoet in Belgium was completed at the beginning of October, making ForFarmers the second largest feed company in Belgium. In the Netherlands, Van Gorp Biologische Voeders was acquired at the beginning of October, enhancing the position of Reudink, subsidiary of ForFarmers the Netherlands, in the growing organic feed market.

This press release contains information that qualifies as inside information in the sense of Article 7 paragraph 1 of the EU Market Abuse Regulation.

Note to the editor / For additional information:

Caroline Vogelzang, Director Investor Relations and Communications
T +31 (0)573 288 194 • M +31 (0)6 10 94 91 61 • E: caroline.vogelzang@forfarmers.eu

Company profile

ForFarmers N.V. (‘ForFarmers’, 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.

ForFarmers is active in the Netherlands, Belgium, Germany and the United Kingdom and as of July 2018 also in Poland. With sales of approximately 9.6 million tons of feed annually, ForFarmers is market leader in Europe. In 2017 ForFarmers had 2,325 employees and revenues amounted to over € 2.2 billion.

ForFarmers N.V., P.O. Box 91, NL-7240 AB Lochem, T: +31 (0)573 28 88 00, F: +31 (0)573 28 88 99, info@forfarmers.eu, www.forfarmersgroup.eu/en

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that can also relate to ForFarmers’ legally required capital and liquidity positions in certain specific scenarios. Forward-looking statements can include but are not limited to statements that include words such as, “intended”, “expected”, “based on”, “focused on”, “plans”, “estimate” and words with similar meanings. These statements relate to or can have an effect on circumstances that will occur in the future, such as ForFarmers’ future financial results, business plans and current strategies. Forward-looking statements are subject to various risks and uncertainties that could cause actual results and performance to differ materially from the expected future results or performances that are implicitly or explicitly included in forward-looking statements. Factors that can lead to or contribute to differences in current expectations include, but are not limited to: developments in legislation, technology, taxes, laws and regulations, fluctuations in share prices, legal procedures, investigations by regulators, competitive relationships and general economic conditions. These and other factors, risks and uncertainties that may affect any forward-looking statement or the actual results of ForFarmers are discussed in the latest published annual report. The forward-looking statements in this document only concern statements from the date of this document, ForFarmers accepts no obligation or responsibility whatsoever to update forward-looking statements contained in this message, irrespective of whether they reflect new information, future events or otherwise, subject to ForFarmers’ legal obligation to do so.