

Press Release

Lochem, 15 August 2019

ForFarmers posts 2019 first half-year results

Highlights for first-half 2019¹:

- Total Feed² volume: +5.2% to 5.1 million tonnes; 6.8% growth through acquisitions (made in second half of 2018 in Poland, the Netherlands and Belgium), 1.6% like-for-like³ decline (in the Netherlands, Belgium and the United Kingdom);
- Compound feed volume (part of Total Feed): +7.2% to 3.6 million tonnes; 9.8% growth through acquisitions, 2.6% like-for-like decline (in the Netherlands, Belgium and the United Kingdom);
- Gross profit: -1.7% to €214.1 million; 6.6% growth through acquisitions, 8.6% like-for-like decline (especially due to unfavourable purchasing positions in the Netherlands, Belgium and the United Kingdom);
- Underlying EBITDA⁴: -31.5% to €35.8 million; 8.2% growth through acquisitions, 39.9% like-for-like decline (in all countries) and including IFRS 16 effect of +€2.8 million;
- Underlying profit: -61.5% to €11.9 million.

Other developments:

- Size of animal herd under pressure particularly due to various environmental measures (in the Netherlands and Germany);
- Efficiency plans 2019-2020 for cost savings of €10 million in 2021 on track with announced plans to close 4 mills (involving a total 91 FTE's) by end of this year;
- Investment plan for 2019 adjusted from €50 million to €40 million;
- Underlying EBITDA, underlying EBIT and underlying profit expected to be lower in 2019 than in 2018.

[1] Results for the first half of 2019 are compared to the results for the same period of 2018; there was virtually no impact from currency translation in the first half of 2019, the percentages are disclosed in the table on the consolidated key figures

[2] 'Total Feed' covers the entire ForFarmers product portfolio and comprises compound feed, specialties, co-products (including DML products), seeds and other products (such as forage)

[3] Explanatory notes on like-for-like developments are exclusive of the contribution of Tasomix and therefore Poland, as Tasomix was acquired on 2 July 2018

[4] Underlying means excluding incidental items, see Note 12 of the interim financial statements on Alternative Performance Measures

Commenting on the first-half 2019 results ForFarmers CEO Yoram Knoop said:

“The results for the first-half of 2019 were disappointing, but in line with our expectations as disclosed in the first-quarter trading update. The acquisitions, which we made in the second-half of 2018, made a positive contribution but this was not enough to offset the negative effects of the volume decline and the unfavourable purchasing position which we experienced in the first half of the year. We have reviewed and tightened up our purchasing procedures including having shortened the permitted purchasing coverage lengths for important raw materials.

Since announcing our efficiency plans in March, we have revealed plans to close four mills this year. These plans will contribute to the targeted structural cost savings of €10 million by 2021.

In more and more countries the agricultural sector is, amongst others, being faced with government measures to reduce the environmental impact of the sector. We will take into account the speed and intensity with which such measures are being introduced in the strategy for the period 2020 up to 2025. This strategy will be finalised in the first-half of 2020. As ForFarmers has strong positions in countries where the production of animal proteins is very carbon-efficient, we are able to continue to play a sustainable role *for the future of farming* and consequently in the chain that supplies the growing world population with animal proteins.”

Consolidated key figures

In millions of euro (unless indicated otherwise)	For the six months ended 30 June		Total change in %	Currency	Acquisition	Like-for-like ⁽³⁾
	2019	2018				
Total Feed volume (x 1.000 ton)	5,079	4,825	5.2%		6.8%	-1.6%
Compound feed	3,561	3,322	7.2%		9.8%	-2.6%
Revenue	1,274.4	1,141.6	11.6%	0.3%	8.7%	2.6%
Gross profit	214.1	217.7	-1.7%	0.3%	6.6%	-8.6%
Operating expenses	-206.3	-177.6	16.2%	0.4%	7.9%	7.9%
Underlying operating expenses	-198.4	-178.1	11.4%	0.4%	7.9%	3.1%
EBITDA	33.5	57.2	-41.4%	0.2%	7.5%	-49.1%
Underlying EBITDA⁽¹⁾	35.8	52.3	-31.5%	0.2%	8.2%	-39.9%
EBIT	9.0	45.0	-80.1%	0.1%	1.3%	-81.5%
Underlying EBIT ⁽¹⁾	16.0	39.7	-59.9%	0.1%	1.6%	-61.6%
Profit attributable to shareholders of the Company	9.0	34.8	-74.1%	0.1%	6.9%	-81.1%
Underlying profit ⁽¹⁾	11.9	30.8	-61.5%	0.1%	7.7%	-69.4%
Net cash from operating activities	4.8	40.1	-88.0%			
Underlying EBITDA / Gross profit	16.7%	24.0%	-30.4%			
ROACE on underlying EBITDA⁽²⁾	15.6%	26.3%				
ROACE on underlying EBIT ⁽²⁾	8.9%	20.0%				
Basic earnings per share (x €1)	0.09	0.35	-74.3%			
Underlying earnings per share (x €1)	0.12	0.31	-61.4%			

⁽¹⁾ Underlying means excluding incidental items (see Note 12 regarding the Alternative Performance Measures (APMs)).

⁽²⁾ ROACE means underlying EBITDA / EBIT divided by 12-month average capital employed.

⁽³⁾ Like for like is the change excluding currency impact and acquisitions and divestments.

Note, percentages are presented based on the rounded amounts in million euro. Additions may lead to slight differences due to roundings.

Review of the consolidated results of ForFarmers for the first half of 2019

Alternative Performance Measures are being used in order to provide a better insight into ForFarmers' business development and financial performance. These are the core metrics which are presented as 'underlying' (i.e. excluding incidental items) and clarified on the level of operating expenses, depreciations, EBIT, EBITDA, finance costs and profit. For further explanation on the Alternative Performance Measures (APMs), see Note 12 of the enclosed interim financial statements 2019.

Total Feed volume was up 5.2% at 5.1 million tonnes, with the acquisitions (in Poland, the Netherlands and Belgium) contributing 6.8%. Like-for-like volume declined by 1.6%. Volumes declined in the Netherlands, Belgium and the United Kingdom.

Compound feed volume, part of the Total Feed portfolio, rose by 7.2%, a larger increase (in percentage terms) than the volume growth of Total Feed. Acquisitions contributed a 9.8% increase in compound feed volume, while volume on a like-for-like basis declined by 2.6%.

The decrease in the cattle and pig herds in the Netherlands, which came on the back of factors including the (increasing) pressure on the agricultural sector to meet phosphate targets, had a negative impact on volumes. Compound feed volumes in the United Kingdom declined due to factors including more animals staying at pasture during the mild winter and consequently needing less additional feed. Volume also declined in the pig sector as a result of the commercial proposition aimed at improving margins. In Germany/Poland compound feed volume rose due to the acquisition of Tasomix (Poland) in July 2018 and as a result of attracting new customers in the poultry and pig sectors in Germany.

Revenue rose by 11.6% (€132.8 million) to €1,274 million, including an impact from acquisitions of +8.7%. Whilst there was a like-for-like decline in Total Feed volume the relating revenue increased by 2.6%. This was because the raw material prices in the first half of 2019 which were passed on to customers were higher than in the corresponding period of 2018.

Gross profit was 1.7% (€3.6 million) lower at €214.1 million. Acquisitions contributed +6.6%. Like-for-like gross profit declined by 8.6% mainly because of the unfavourable purchasing position that was not passed on to customers (in the Netherlands, Belgium and the United Kingdom) and following the like-for-like volume drop with a less profitable product mix (in percentage terms the like-for-like decline of compound feed volume was larger than of Total Feed volume). The results of the unfavourable purchasing positions, which had been taken at the end of 2018, have been taken in the 2019 first-half results.

Underlying total operating expenses were 11.4% (€20.3 million) higher at €198.4 million, with the impact of acquisitions being 7.9%. Like-for-like operating expenses rose by 3.1%. Employee benefit expenses increased through indexation of wages and other operating expenses rose on higher production costs and (third-party) transport costs due to higher diesel and energy prices. There was a minimal release (€0.05 million) from the provision for bad debts (first half-year 2018: release of €0.6 million).

Underlying depreciation¹ grew by €7.2 million to €19.8 million mainly due to the acquisitions (€3.7 million). The impact of IFRS 16 was €2.5 million.

Underlying operating profit (EBIT) fell by 59.9% (€23.7 million) to €16.0 million as a result of a decline in gross profit and a rise in underlying operating expenses.

Underlying EBITDA fell by 31.5% (€16.5 million) to €35.8 million. The acquisitions contributed a positive 8.2%, whilst there was a like-for-like decline by 39.9%. As a consequence, the underlying EBITDA/gross profit ratio fell from 24.0% to 16.7%.

Underlying EBITDA at constant currencies declined by 31.7% (€16.6 million) to €35.7 million.

The contribution from German transshipment joint venture HaBeMa was up 58.3% at €1.7 million, mainly due to a recovery in trade volumes.

[1] Depreciation includes amortisations in this instance

Underlying net finance costs rose (from €1.2 million to €1.3 million), mainly as a result of financing the acquisitions and the effect of IFRS 16, somewhat mitigated by lower interest rates.

The **underlying effective tax rate** was 25.6% (2018: 20.3%). The higher tax rate was the result of non-deductible costs in 2019 in contrast to 2018 which included one-off positive adjustments.

Underlying profit was down 61.5% (€18.9 million) at €11.9 million. Underlying earnings per share fell by 61.4%.

Alternative Performance Measures and Incidental items

The significant incidental items that have been excluded in the 2019 first half-year, because they are considered to be non-recurring and are not directly related to the operational performance of ForFarmers, are explained in more detail in Note 12 (Alternative Performance Measures) of the interim financial statements 2019.

The amounts in the four defined categories are:

In millions of euro (pre-tax)	For the six months ended 30 June	
	2019	2018
i) Net (reversal of) impairments	-4.7	0.5
ii) Business Combinations and Divestments		
- Sale of properties and participating interests	0.9	4.9
- Interest accrual on earn outs and put-option liability	-2.4	0.0
- Remeasurement regarding the earn outs ⁽¹⁾	5.0	0.0
iii) Restructuring	-2.6	0.0
iv) Other	-0.5	0.0
Total APM items	-4.3	5.4

⁽¹⁾ The gain is the result of a lower valuation of the contingent considerations for the acquisitions in 2018

The effect of the incidental items on underlying EBITDA is as follows:

In millions of euro	For the six months ended 30 June			
	2019	2018	Δ	Δ%
EBITDA	33.5	57.2	- 23.7	-41.4%
Gain on sale of investments and assets held for sale	-0.9	-4.9	4.0	
Restructuring cost	2.6	-	2.6	
Other	0.5	-	0.5	
Underlying EBITDA	35.8	52.3	- 16.5	-31.5%
FX effect	-0.1	-	- 0.1	
Underlying EBITDA, at constant currencies	35.7	52.3	- 16.6	-31.7%

General remark: percentages are presented based on the rounded amounts in million euro. Additions may lead to slight differences due to roundings.

The number of employees as at 30 June 2019, presented in full-time equivalents (FTEs) was slightly higher at 2,663 than at 31 December 2019 (2,654). The increase in the number of employees particularly in Poland was almost completely offset by a decrease in FTEs in the United Kingdom following the closing of a mill, as part of the efficiency plans 2019-2020. As all the acquisitions happened in the second half of 2018, the total number of FTEs was 15% higher than at 30 June 2018.

Summary consolidated statement of cash flows

In thousands of euro	Note	For the six months ended 30 June	
		2019	2018
Net cash from operating activities		4,813	40,069
Net cash used in investing activities		-14,086	-6,306
Net cash used in financing activities		-40,163	-41,345
Net increase/decrease in cash and cash equivalents		-49,436	-7,582
Cash and cash equivalents at 1 January ⁽¹⁾		38,449	111,607
Effect of movements in exchange rates on cash held		722	-1,871
Cash and cash equivalents as at 30 June⁽¹⁾		-10,265	102,154

(1) Net of bank overdrafts

Summary consolidated statement of financial position

In millions of euro	30 juni 2019	31 december 2018
Total Assets	899.8	873.7
Equity	414.2	440.8
Solvency ratio⁽¹⁾	46.0%	50.4%
Net working capital	91.4	76.3
- Current assets ⁽²⁾	351.6	350.6
- Current liabilities ⁽³⁾	266.9	277.2
Overdue receivables	17.9%	18.7%
Net Debt / (Cash)⁽⁴⁾	60.8	16.5

(1) Solvency ratio is equity divided by total assets.

(2) Current assets excluding cash and cash equivalents.

(3) Current liabilities excluding bank overdrafts.

(4) Net Debt / (Cash) excluding IFRS 16 lease liabilities

General remark: additions may lead to small differences due to roundings.

Capital structure and solvency

Group equity decreased by €26.6 million to €414.2 million over the first six months of 2019 compared to 31 December 2018. The decrease was the result of the addition of the 2019 first half profit (€9.2 million) minus the dividend distribution (€30.5 million) and minus €2.3 million for the 2019 share buy-back programme. Other comprehensive income was directly recognised in group equity and comprised a remeasurement (-€3.7 million) of

defined benefit liabilities (mainly in the United Kingdom) and cash flow hedges combined with currency translation differences (€0.8 million).

Solvency decreased from 50.4% at end-2018 to 46.0% at 30 June 2019.

The **net debt position** (the net balance of long and short-term available cash and cash equivalents minus bank loans and other borrowings) was €60.8 million (end-2018: €17.1 million). The net increase of the net debt position was largely attributable to the lower operating cash flow, the investment programme, dividend distribution and the share buy-back programme.

Net working capital increased to €91.4 million at 30 June 2019 from €76.3 million at end-2018.

This was due to factors including a higher accounts receivable balance in the Netherlands.

At 30 June 2019 accounts receivable were virtually equal compared to at year-end 2018. The percentage of overdue receivables declined however, from 18.7% at end-2018 to 17.9% at 30 June 2019.

Capital investments in tangible and intangible fixed assets equalled €16.8 million (first half-year 2018: €16.3 million) with maintenance investments having been made as well as investments in mills (such as extension and innovations) to support the efficiency plans.

Net cash flow from operating activities fell from €40.1 million to €4.8 million, mainly due to the lower result over the period and the increase in working capital.

ROACE¹ was down from 26.3% to 15.6% due to the lower gross profit in the Netherlands/Belgium and the United Kingdom and the increase in capital employed, due to the acquisitions and the new mill in Pionki (Poland) which has not reached full utilisation. ROACE based on underlying EBIT fell from 20.0% to 8.9%.

[1] ROACE is underlying EBITDA divided by 12-month average capital employed

Results and developments per cluster

As of 2019 the classification of the reporting clusters has changed as a result of the acquisitions and the resulting changes in the market positions in the various countries. The results of ForFarmers Belgium are included in the Netherlands/Belgium cluster as of 1 January 2019. The remaining clusters are: Germany/Poland, the United Kingdom and the 'Central and support expenses' cluster. The 2018 figures for the clusters have been restated for comparison purposes.

Price developments in the sectors

Average European milk prices fell somewhat in the first six months of 2019, but were higher in the second quarter of 2019 compared to both last year and the five-year

average. Average prices for pigs rose strongly in the second quarter of 2019 following the outbreak of African swine fever in Asia and the resulting significant decline in the pig herd. Pig prices were higher, on average, than last year and the five-year average.

Average egg prices fell slightly compared to the beginning of 2019, with prices in June being virtually equal to last year and the five-year average. The average price level in the first six months of 2019 was lower than last year when egg prices started at a high level. Prices for broilers fluctuated in the first half of 2019, at approximately the level of the five-year average. In the second quarter of 2019 prices started to rise and are now higher than last year.

Netherlands/Belgium

In thousands of euro	For the six months ended 30 June		
	2019	2018	Δ%
Total Feed volume (in tons)	2,585,657	2,559,704	1.0%
Revenue	657,337	629,431	
Gross profit	116,799	126,948	-8.0%
Other operating income	125	4,704	-97.3%
Operating expenses incl depreciation & amortisation	-99,478	-88,312	12.6%
Underlying expenses incl depreciation & amortisation	-95,739	-88,796	7.8%
EBITDA	26,338	46,617	-43.5%
Underlying EBITDA	27,515	42,108	-34.7%
Underlying depreciation and amortisation	-6,330	-3,761	68.3%
EBIT	17,446	43,340	-59.7%
Underlying EBIT	21,185	38,347	-44.8%
Underlying EBITDA / Gross profit	23.6%	33.2%	
ROACE on underlying EBITDA	35.4%	52.9%	

Market and sector developments

All livestock farmers are being affected by the growing pressure being put on the agricultural sector by the Dutch government to achieve environmental targets. The CBS (Central Bureau of Statistics) announced recently that the number of dairy cows in the Netherlands declined by 2% in the first quarter of 2019 compared to a year earlier as a result of measures introduced previously aimed at reducing phosphate emissions. Phosphate production is

currently below the phosphate ceiling imposed on the Dutch cattle sector by the European Union.

The outline agreement 'Warm restructuring of pig farming' continues to put pressure on pig farmers in the Netherlands to reduce their herds. This downward trend is expected to continue in the coming years.

Market conditions in the poultry sector were relatively stable for broiler farmers during the first half of 2019, but challenging for layer farmers.

In addition, the consequences of rejection of the Nitrogen Approach Programme are not yet clear for the agricultural sector.

In Belgium there is an increasing focus on reducing antibiotics in feed and growing consumer demand for non-GMO foodstuffs, boosting demand for non-GMO feed. The pig sector in Belgium continues to be faced with the threat of African swine fever which so far has only been detected among wild boars. This situation seems to be under control now.

Poultry farmers are worried about the outbreak of Asian bird flu. Hygiene protocols have been implemented throughout Belgium to reduce the risk of the disease spreading further.

Results

Total Feed volume increased by 1.0% to 2.6 million tonnes due to the acquisition of Voeders Algoet (Belgium), van Gorp Biologische Voeders and Maatman (both in the Netherlands). Like-for-like volume decreased mainly because there were fewer cattle and pigs than last year. The decline in compound feed volume was greater (in percentage terms) than for Total Feed. Reudink, the biological (organic) feed company, realised volume growth on the back of the acquisition of Van Gorp Biologische

Voeders. The integration process of these acquisitions is progressing according to plan. It remains challenging to retain all customers during integration processes.

Gross profit declined by 8.0%, mainly as a result of the unfavourable purchasing position and lower volumes.

Underlying operating expenses increased by 7.8%, due to additional costs relating to the acquisitions as well as higher energy costs, external transport costs and integration costs. Employee benefit expenses increased through indexation of wages and the rise in the number of FTEs (reopening of the mill in Deventer). There was a lower release from the allowance for bad debts in 2019 than in 2018. As a result of the applied transfer policy, overhead cost allocation was €2.2 million lower than last year.

Underlying EBITDA declined by 34.7% as a result of the limited volume growth, lower gross profit and the increase in the underlying operating expenses. The underlying EBITDA/gross profit ratio consequently decreased from 33.2% to 23.6%.

ROACE (based on underlying EBITDA) decreased from 52.9% to 35.4% due to the lower underlying EBITDA and the higher capital employed following the acquisitions.

Germany/Poland

In thousands of euro	For the six months ended 30 June		
	2019	2018	Δ%
Total Feed volume (in tons)	1,102,754	817,425	34.9%
Revenue	298,770	210,771	41.8%
Gross profit	36,127	27,107	33.3%
Other operating income	147	-3	
Operating expenses incl depreciation & amortisation	-35,729	-22,864	56.3%
Underlying expenses incl depreciation & amortisation	-34,843	-22,864	52.4%
EBITDA	5,334	5,584	-4.5%
Underlying EBITDA	5,892	5,584	5.5%
Underlying depreciation and amortisation	-4,461	-1,344	231.9%
EBIT	545	4,240	-87.1%
Underlying EBIT	1,431	4,240	-66.3%
Underlying EBITDA / Gross profit	16.3%	20.6%	
ROACE on underlying EBITDA	8.0%	22.7%	

Market and sector developments

The broiler sector in Poland continues to grow as more slaughter capacity becomes available to leverage the export possibilities. Prices of broilers rose strongly in the first half of 2019 compared to the price level during the second half of 2018. The ruminant sector is growing substantially. African swine fever appears to be spreading.

In Germany it is becoming more and more important to reduce the environmental impact of phosphate and nitrate in the pig sector in particular. This is resulting in measures including offering farmers subsidies to cease farming, comparable to the warm restructuring initiatives in the Netherlands.

Results

Total Feed volume increased by 34.9% to 1.1 million tonnes with most of the increase (31.0% or 285,000 tonnes) attributable to the acquisition of Tasomix in Poland. This acquisition led to a large increase in sales in the poultry sector in particular. In addition, volume grew like-for-like in all sectors in Germany. In the pig sector a number of new tenders were won.

The growth in compound feed volume was greater (in percentage terms) than in Total Feed volume.

Tasomix realised like-for-like volume growth of over 20% compared to the first half of 2018 when ForFarmers did not yet hold a 60% stake in the business. Volume development in Poland was slightly under pressure in the first quarter as poultry farmers waited to refill their stables until the prices for broilers recovered. These prices increased in the second quarter of 2019, with a positive effect for Tasomix. Volumes increased due to the production of both poultry and pig feed in the new mill in Pionki, which reached an utilisation level of about 30% (of the maximum capacity of 350,000 tonnes) at end-June.

Gross profit increased by €9.0 million to €36.1 million (33.3%). Like-for-like gross profit (i.e. in Germany) declined as volumes were redistributed over the various sectors, there was more price pressure in the pig sector partly due to the tenders, and a larger share of the volume was produced through toll-milling.

Underlying operating expenses increased by 52.4%, particularly due to the additional expenses associated with the acquisition of Tasomix and the related professionalization and integration costs, which could not yet be compensated by volume growth and synergy effects. Like-for-like (therefore in Germany), operating expenses mainly increased due to volume growth and more outsourcing of transport activities. Higher diesel prices and more costs relating to toll milling also pushed up costs. There was a small release from the allowance for bad debts in 2019, compared to a small addition in the first half of 2018. Overhead cost allocation was €1.0 million higher than last year.

Underlying EBITDA rose by 5.5%, the result of volume growth and higher gross profit combined with the increase in underlying operating expenses. The underlying EBITDA/gross profit ratio consequently decreased to 16.3% (first half-year 2018: 20.6%).

ROACE (based on underlying EBITDA) decreased to 8.0% (first half-year 2018: 22.7%) due to the lower ROACE in Poland (mainly because of the increase of capital employed following the take-over and the start-up of the new mill in Pionki).

United Kingdom

In thousands of euro	For the six months ended 30 June		
	2019	2018	Δ%
Total Feed volume (in tons)	1,390,213	1,448,152	-4.0%
Revenue	338,734	321,634	5.3%
Gross profit	60,885	63,688	-4.4%
Other operating income	24	387	-93.8%
Operating expenses incl depreciation & amortisation	-62,550	-58,530	6.9%
Underlying expenses incl depreciation & amortisation	-59,452	-58,530	1.6%
EBITDA	7,600	11,472	-33.8%
Underlying EBITDA	8,848	11,059	-20.0%
Underlying depreciation and amortisation	-7,413	-5,927	25.1%
EBIT	-1,641	5,545	-129.6%
Underlying EBIT	1,435	5,132	-72.0%
Underlying EBITDA / Gross profit	14.5%	17.4%	
ROACE on underlying EBITDA	10.8%	11.1%	

Market and sector developments

The dairy herd remained stable amid a further decline in the number of dairy farmers. Although the milk price was slightly higher than in the first half of 2018, demand for performance feed in the ruminant sector declined as more forage was available than last year because of the mild winter. Consolidation and rationalisation in the pig sector slowed compared to last year. Whilst consumer demand for pig meat remained stable, demand for chicken meat and eggs continued to grow. Much attention continued to be paid to reducing antibiotics in foodstuffs (and consequently in feed). ForFarmers was 'highly commended' at the 2019 Antibiotic Guardian awards in recognition of its continued commitment to the role nutrition can play in tackling the global challenge of anti-microbial resistance.

The possible effects of the outcome of Brexit remain uncertain. The sector is making joint efforts to ensure a smooth supply of raw materials from abroad.

Results

Total Feed volume decreased by 4.0% to 1.4 million tonnes. Within the ruminants sector less feed was sold because of the mild winter. Volume in the pig sector

decreased as a result of the commercial proposition aimed at improving margins. More feed was sold in the poultry sector, where ForFarmers is gaining market share.

The decline in compound feed volume was slightly larger (in percentage terms) than for Total Feed volume.

Gross profit decreased by 4.4%. The unfavourable purchasing position for raw materials was not passed on to customers for competitive reasons. The resulting effect could only be partly compensated by the margin improvement arising from the tighter commercial proposition in the pig sector initiated during 2018.

Underlying operating expenses rose by 1.6%. Higher energy prices meant that production and transport costs increased despite the decline in volume. Employee benefit expenses were lower due to the focus on efficiency. As was the case last year, a small addition was made to the allowance for bad debts in the first half-year 2019. Overhead cost allocation was €0.5 million higher than last year.

Underlying EBITDA fell by 20.0%, the result of volume decline, lower gross profit and higher underlying

operating expenses. The underlying EBITDA/gross profit ratio consequently decreased to 14.5% (first half-year 2018: 17.4%).

ROACE (based on underlying EBITDA) decreased slightly from 11.1% in the first half-year 2018 to 10.8% in 2019.

Central and support expenses

In thousands of euro	For the six months ended 30 June		
	2019	2018	Δ%
Gross profit	301	-38	-892.1%
Other operating income	871	2	
Operating expenses incl depreciation & amortisation	-8,546	-7,935	7.7%
Underlying expenses incl depreciation & amortisation	-8,395	-7,935	5.8%
EBITDA	-5,773	-6,451	-10.5%
Underlying EBITDA	-6,498	-6,451	0.7%
Underlying depreciation and amortisation	-1,601	-1,520	5.3%
EBIT	-7,374	-7,971	-7.5%
Underlying EBIT	-8,099	-7,971	1.6%

Underlying operating expenses of the Central and support services are exclusive of the amount in overhead costs that is passed on to the clusters. In the first half of 2019 underlying central operating expenses increased by €0.5 million, and the amount passed on to the clusters fell by €0.7 million. In the first half of 2018 (M&A) consultancy expenses were €0.7 million higher than in the same period this year.

Sustainability

In consultation with its stakeholders, ForFarmers has formulated five sustainability objectives in relation to three themes: Environment, People & Society, Animal health & Animal welfare.

These objectives are: 1) to reduce phosphate emissions, 2) to reduce greenhouse gas emissions, 3) to minimise the use of land, water and energy, 4) to ensure safe and fair working conditions and 5) to improve feed safety.

Improving animal health and welfare is considered to be an integral part of the Total Feed solutions.

In the Netherlands and Germany dairy and other farmers are under great pressure to reduce phosphate emissions. ForFarmers constantly aims to improve on-farm phosphate efficiency by supplying specially formulated feed that results in lower phosphate emissions. The phosphate level of compound feed for dairy cows has decreased by approximately 10% in the past years, with ForFarmers having contributed to this decline with innovative feed solutions. In addition, ForFarmers helps farmers by using calculation modules to determine the impact of business decisions on feed margins, phosphate efficiency and the carbon footprint.

The construction of the biomass plant in Lochem, of which the official opening took place recently, is consistent with the second and the third sustainability target. The installation produces steam from wood chips from local sources and uses it as a sustainable way of meeting most of the mill's energy requirement.

The focus on safe and good working conditions (the fourth objective) with the aim of reducing the number of lost time incidents (LTIs) remains undiminished. In the first half of 2019 there were 44% fewer LTIs than in the same period last year. Reducing the number of LTIs will continue to require that all employees adopt a safety-focused mentality and safety-first working practices.

The ForFarmers Nutrition Innovation Centre focuses on developing and improving feed concepts that improve the health of animals and consequently their performance. A new feed concept ('Ultra') for pigs was launched in the first half of 2019, aimed at lower phosphate emissions by, better health for and better performance by finishers. In addition, the feed concept (Apollo) for broilers was

launched in Belgium, following its launch in the other countries last year. Furthermore, ForFarmers recently created a special 'VIDA' team to assist pig farmers in optimising the health of their piglets.

Subsequent events

No major events after the reporting date have occurred.

Outlook

Geopolitical developments can affect the markets that ForFarmers operates in. The uncertainty surrounding Brexit as well as the trade relations between the United States and other countries (in particular China) continues. Volatility in raw material prices and on the currency markets is expected to continue.

The environmental impact of the agricultural sector is increasingly becoming an item on the political agenda. Public debate on this topic is increasing significantly, especially in the Netherlands and Germany. The discussion on for instance the size of the livestock herd could impact the growth potential of the dairy and pig sector in both countries. At the same time, European dairy farmers are expected to focus on increasing their production in light of a slightly growing global demand for dairy products. The self-sufficiency rate in the United Kingdom is well below 100% for the pig and poultry sector, offering growth potential to local livestock farmers.

Controlling the consequences of animal diseases remains a challenge for the agricultural sector. The increasing demand from Asia/China for pig meat following the outbreak of African swine fever, and the resulting increase in the pig price, presents good export prospects. In various European countries, however, an increasing number of different measures are being introduced locally aimed at tightly regulating expansion of the pig sector. Consumers are increasingly choosing chicken meat and eggs instead of for example pig meat. EU reports indicate that consumption of poultry products will continue to grow in the coming years.

(Capital-)Investments

On publishing its 2018 annual result ForFarmers said it would invest approximately €50 million in 2019 (2018: €45 million). Last year ForFarmers announced that in order to continue to support the strong growth for the mid-term in

Germany, it intended to construct a new feed mill in Wesel, Germany. This possibility was factored into the capex plans for 2019.

ForFarmers prefers to focus on production flexibility and production specialisation (i.e. dedicated manufacturing) and therefore seeks to build up a network of strategic partners (feed companies) to enable it to partially outsource its production. In light of this, ForFarmers has decided not to build the mill in Wesel. Partly because of this decision the expected capex for 2019 is reduced from €50 million to €40 million.

The focus on further optimising working capital will be sustained. ForFarmers will also continue to pursue acquisitions in the existing five countries as well as in new countries in Europe and adjoining regions (Europe +).

Impact of new IFRS 16 standard

In the publication of the annual results 2018 ForFarmers stated the expected effects of the application of IFRS 16 for the full year 2019. Based on the contracts as at 1 January 2019 these would result in an increase in EBITDA of approximately €5 million, an almost stable EBIT and a decline in profit before tax of approximately €0.5 million. Total assets would increase by approximately €25 million as of the same date.

In the first half of 2019 the application of IFRS 16 resulted in an increase in EBITDA of €2.8 million, an increase in EBIT of €0.3 million and a decrease in profit before tax of €0.2 million.

Guidance and outlook 2019

ForFarmers determined its strategy Horizon 2020 in 2014. In 2016, as part of the listing, the Company disclosed to Investors the medium-term financial guidance appertaining to this strategy .

The *medium term target* is to realise an average annual increase in underlying EBITDA in the mid-single digits at constant currencies, excluding the impact of significant acquisitions and barring unforeseen circumstances.

Underlying EBITDA, underlying EBIT and underlying profit in 2019 (full year) is expected to be lower than in 2018.

ForFarmers is currently working on the strategy for the years 2020 -2025. This strategy, and the associated objectives, will be finalised and disclosed in the first-half

of 2020.

Responsibility statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (Wet op het financieel toezicht (Wft)), the Board of Directors state that to the best of their knowledge the 2019 interim financial statements, which comprise the Company and its subsidiaries (jointly 'the Group' or 'ForFarmers') and the Group's interest in its joint venture, give a true and fair view of the condensed consolidated statement of financial position, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the notes to the condensed consolidated financial statements.

This press release contains inside information within the meaning of Article 7 (1) of the EU Market Abuse Regulation.

Lochem, 15 August 2019

Executive Board ForFarmers N.V.
Yoram Knoop, CEO
Arnout Traas, CFO
Adrie van der Ven, COO

Audio webcasts

For the media:

Yoram Knoop (CEO), Arnout Traas (CFO) and Adrie van der Ven (COO) will expand on the ForFarmers 2019 half-year results in a conference call today from 08.30 – 09.30 CET. The conference call (in Dutch) can be followed via live audio webcast by logging onto the corporate website www.forfarmersgroup.eu. The slides used during the conference call are taken from the 2019 first-half results presentation, which can be downloaded via the corporate website. The audio webcast will remain available on the website afterwards.

For analysts:

Yoram Knoop (CEO), Arnout Traas (CFO) and Adrie van der Ven (COO) will expand on the ForFarmers 2019 half-year results in a conference call today from 10.00 – 11.00 CET. The conference call (in English) can be followed via live audio webcast by logging onto the corporate website www.forfarmersgroup.eu. The slides used during the conference call are taken from the 2019 first-half results presentation, which can be downloaded via the corporate website. The audio webcast will remain available on the website afterwards.

Note to the editor / For additional information:

Caroline Vogelzang

Director Investor Relations

T: 0031 573 288 194  M: 0031 6 10 94 91 61 

E: caroline.vogelzang@forfarmers.eu

About ForFarmers

ForFarmers N.V., based in Lochem, the Netherlands, is an internationally operating livestock nutrition company that provides comprehensive and innovative feed solutions for conventional and organic livestock farming. The company's 'For the Future of Farming' mission is aimed at safeguarding the continuity of farming and promoting the financial health of a sector which will continue to play a sustainable role in society for many generations to come. ForFarmers works closely with its customers to deliver concrete results: better returns, a healthier herd and greater efficiency. It does so by providing bespoke and Total Feed solutions through a targeted approach supported by specialist and expert professionals.

With production sites in the Netherlands, Germany, Belgium, Poland and the United Kingdom and an annual sales volume of around 10 million tonnes of animal feed ForFarmers is market leader in Europe. In 2018 ForFarmers employed 2,761 people and generated revenue of € 2.4 billion.

ForFarmers N.V. is listed on Euronext Amsterdam.

ForFarmers will be publishing its Third Quarter 2019 Trading Update on 31 October 2019.

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

Enclosures:

Interim financial statements 2019

Notifications and disclaimer

REPORTING STANDARDS

PUBLICATION 2019 HALF-YEAR REPORT

The 2019 half-year report (incl. interim financial statements) will be available from 15 August 2019 on the ForFarmers website (www.forfarmersgroup.eu).

REPORTING STANDARDS

The results in this press release are derived from the ForFarmers 2019 interim financial statements, which have not been audited by the external auditor, and have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS).

General remark: presented percentages are calculated on the rounded amounts in million euro with one decimal.

SUPERVISION

In view of the fact that shares can be freely traded on Euronext Amsterdam, ForFarmers operates under the supervision of the Financial Markets Authority (AFM) and the company acts in accordance with the prevailing regulations for share-issuing companies.

Important dates

31-10-2019 Publication third quarter 2019 Trading update
 12-03-2020 Publication Annual results 2019
 24-04-2020 Annual General Meeting of shareholders
 01-05-2020 Publication first quarter 2020 Trading update
 13-08-2020 Publication first half-year 2020 results
 30-10-2020 Publication third quarter 2020 Trading update

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 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.

INTERIM FINANCIAL STATEMENTS 2019

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated statement of financial position

In thousands of euro (before profit appropriation)	Note	30 June 2019	31 December 2018
Assets			
Property, plant and equipment	14	259,402	261,555
Right of use asset	15	24,204	-
Intangible assets and goodwill	16	166,862	168,023
Investment property		643	643
Trade and other receivables	23	14,811	13,690
Equity-accounted investees	17	25,872	25,392
Deferred tax assets		2,342	2,099
Non-current assets		494,136	471,402
Inventories	18	85,335	93,555
Biological assets		5,722	4,314
Trade and other receivables	23	251,609	250,618
Current tax assets	13	8,963	2,072
Cash and cash equivalents	23	54,020	51,756
Current assets		405,649	402,315
Total assets		899,785	873,717
Equity			
Share capital	19	1,063	1,063
Share premium		143,554	143,554
Treasury share reserve		-64	-61
Translation reserve		-6,199	-6,653
Hedging reserve		-560	-896
Other reserves and retained earnings		262,470	239,990
Unappropriated result		8,974	58,590
Equity attributable to shareholders of the Company		409,238	435,587
Non-controlling interests		4,994	5,166
Total equity		414,232	440,753
Liabilities			
Loans and borrowings	23	48,621	52,354
Lease liabilities	23	19,068	186
Employee benefits	21	33,989	33,496
Provisions	22	2,066	2,024
Trade and other payables	23	38,979	41,258
Deferred tax liabilities		11,639	13,174
Non-current liabilities		154,362	142,492
Bank overdrafts	23	64,285	13,307
Loans and borrowings	23	1,912	2,563
Lease liabilities	23	4,746	400
Provisions	22	2,469	1,372
Trade and other payables	23	256,621	267,695
Current tax liability	13	1,158	5,135
Current liabilities		331,191	290,472
Total liabilities		485,553	432,964
Total equity and liabilities		899,785	873,717

Condensed consolidated statement of profit or loss

In thousands of euro	Note	For the six months ended 30 June	
		2019	2018
Revenue		1,274,353	1,141,562
Cost of raw materials and consumables		-1,060,241	-923,857
Gross profit	8	214,112	217,705
Other operating income	9	1,167	5,090
Operating income		215,279	222,795
Employee benefit expenses		-85,897	-76,589
Depreciation, amortisation and impairment	14, 15, 16	-24,523	-12,068
Net (reversal of) impairment loss on trade receivables		47	597
Other operating expenses		-95,930	-89,581
Operating expenses	10	-206,303	-177,641
Operating profit		8,976	45,154
Finance income	11	5,400	500
Finance costs	11	-4,100	-1,728
Net finance result		1,300	-1,228
Share of profit of equity-accounted investees, net of tax	17	1,681	1,062
Profit before tax		11,957	44,988
Income tax expense	13	-2,754	-9,845
Profit for the year		9,203	35,143
Profit attributable to:			
Shareholders of the Company		8,974	34,796
Non-controlling interests		229	347
Profit for the year		9,203	35,143
Earnings per share in euro⁽¹⁾			
Basic earnings per share		0.09	0.35
Diluted earnings per share		0.09	0.35

(1) Earnings per share attributable to ordinary equity holders of the parent

Condensed consolidated statement of comprehensive income

In thousands of euro	Note	For the six months ended 30 June	
		2019	2018
Profit for the year		9,203	35,143
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liabilities	21	-4,644	8,511
Equity-accounted investees - share of other comprehensive income		-	-
Related tax		939	-1,449
		-3,705	7,062
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		608	-1,024
Cash flow hedges - effective portion of changes in fair value		421	-754
Cash flow hedges - reclassified to statement of profit or loss / statement of financial position		-	-
Related tax		-239	435
		790	-1,343
Other comprehensive income, net of tax		-2,915	5,719
Total comprehensive income		6,288	40,862
Total comprehensive income attributable to:			
Shareholders of the Company		6,059	40,515
Non-controlling interests		229	347
Total comprehensive income		6,288	40,862

Condensed consolidated statement of changes in equity

Attributable to shareholders of the Company

In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
Balance as at 1 January 2019		1,063	143,554	-61	-6,653	-896	239,990	58,590	435,587	5,166	440,753
Addition from unappropriated result		-	-	-	-	-	58,590	-58,590	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	8,974	8,974	229	9,203
Other comprehensive income		-	-	-	454	336	-3,705	-	-2,915	-	-2,915
Total comprehensive income		-	-	-	454	336	-3,705	8,974	6,059	229	6,288
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends	19	-	-	-	-	-	-30,051	-	-30,051	-401	-30,452
Purchase of own shares		-	-	-3	-	-	-2,343	-	-2,346	-	-2,346
Equity-settled share-based payments		-	-	-	-	-	-11	-	-11	-	-11
Total transactions with shareholders of the Company		-	-	-3	-	-	-32,405	-	-32,408	-401	-32,809
Balance as at 30 June 2019		1,063	143,554	-64	-6,199	-560	262,470	8,974	409,238	4,994	414,232

Attributable to shareholders of the Company

In thousands of euro	Note	Share Capital	Share premium	Treasury share reserve	Translation reserve	Hedging reserve	Other reserves and retained earnings	Unappropriated result	Total	Non-controlling interest	Total equity
Balance as at 31 December 2017		1,063	143,554	-55	-5,692	-	207,878	58,554	405,302	4,629	409,931
IFRS 9 adjustment		-	-	-	-	-	-97	-	-97	-	-97
Balance as at 1 January 2018		1,063	143,554	-55	-5,692	-	207,781	58,554	405,205	4,629	409,834
Addition from unappropriated result		-	-	-	-	-	58,554	-58,554	-	-	-
Total comprehensive income											
Profit		-	-	-	-	-	-	34,796	34,796	347	35,143
Other comprehensive income		-	-	-	-777	-566	7,062	-	5,719	-	5,719
Total comprehensive income		-	-	-	-777	-566	7,062	34,796	40,515	347	40,862
Transactions with shareholders of the Company, recognised directly in equity											
Contributions and distributions											
Dividends		-	-	-	-	-	-30,053	-	-30,053	-	-30,053
Purchase of own shares		-	-	-6	-	-	-5,873	-	-5,879	-	-5,879
Equity-settled share-based payments		-	-	-	-	-	-306	-	-306	-	-306
Total transactions with shareholders of the Company		-	-	-6	-	-	-36,232	-	-36,238	-	-36,238
Balance as at 30 June 2018		1,063	143,554	-61	-6,469	-566	237,165	34,796	409,482	4,976	414,458

Unaudited

Condensed consolidated statement of cash flows

In thousands of euro	Note	For the six months ended 30 June	
		2019	2018
Cash flows from operating activities			
Profit for the year		9,203	35,143
Adjustments for:			
Depreciation	14, 15	15,526	9,698
Amortisation	16	4,280	2,854
Net (reversal of) impairment loss on property, plant and equipment	14	4,717	-484
Change in fair value of biological assets (unrealised)		2	-
Net (reversal of) impairment loss on trade receivables		-47	-597
Net finance result		-1,300	1,228
Share of profit of equity-accounted investees, net of tax		-1,681	-1,062
Gain on sale of property, plant and equipment / investment property	9	-1,017	-327
Gain on sale of participating interests	9	-	-413
Gain on sale of assets held for sale	9	-	-4,509
Equity-settled share-based payment expenses		294	80
Expenses related to post-employment defined benefit plans		483	546
Expenses related to long term incentive plans		656	73
Income taxes expense		2,754	9,845
		33,870	52,075
Changes in:			
Inventories & biological assets		6,875	-357
Trade and other receivables		-2,716	-5,677
Trade and other payables		-12,661	14,056
Provisions and employee benefits		-4,350	-3,912
Cash generated from operating activities		21,018	56,185
Interest paid		-1,034	-704
Income taxes paid		-15,171	-15,412
Net cash from operating activities		4,813	40,069
Cash flows from investing activities			
Interest received		550	460
Dividends received from equity-accounted investees		1,593	2,123
Proceeds from sale of property, plant and equipment / investment property		1,471	1,311
Proceeds from sale of participating interests, net of cash disposed	9	-	413
Proceeds from sale of assets held for sale	9	-	5,650
Acquisition of subsidiary, net of cash acquired	6	-877	-
Acquisition of property, plant and equipment	14	-16,158	-15,881
Acquisition of intangible assets	16	-665	-382
Net cash used in investing activities		-14,086	-6,306
Cash flows from financing activities			
Purchase of own shares		-2,346	-5,879
Proceeds from sale of treasury shares relating to employee participation plan		1,339	1,503
Repurchase of treasury shares relating to employee participation plan		-1,805	-2,192
Lease payments		-2,937	-17
Proceeds from borrowings	23	35,522	-
Repayment of borrowings	23	-40,387	-5,683
Payments of settlement of derivatives		-141	-
Dividend paid	19	-29,408	-29,077
Net cash used in financing activities		-40,163	-41,345
Net increase/decrease in cash and cash equivalents		-49,436	-7,582
Cash and cash equivalents at 1 January ⁽¹⁾		38,449	111,607
Effect of movements in exchange rates on cash held		722	-1,871
Cash and cash equivalents as at 30 June⁽¹⁾		-10,265	102,154

(1) Net of bank overdrafts

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Basis of preparation

1. ForFarmers N.V.

ForFarmers N.V. (the 'Company') is a public limited company domiciled in the Netherlands. The Company's registered office is at Kwinkweerd 12, 7241 CW Lochem. The condensed consolidated interim financial statements ('interim financial statements') for the six months ended 30 June 2019 comprise ForFarmers N.V. and its subsidiaries (jointly the 'Group' or 'ForFarmers') and the Group's interest in its joint venture.

ForFarmers N.V. is an international organisation that offers nutritional solutions for both conventional and organic livestock farms. ForFarmers gives its very best 'For the Future of Farming': for the continuity of farming and for a financially secure sector.

The interim financial statements were authorised for issuance by the Executive Board and Supervisory Board on 14 August 2019.

The interim financial statements in this report have not been audited.

2. Basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ('last annual financial statements'), which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs, hereafter stated as IFRS) and section 2:362 sub 9 of the Netherlands Civil Code.

The interim financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the last annual financial statements. The accounting policies applied in

these interim financial statements are the same as those applied in the last annual financial statements, except for the adoption of IFRS 16 (leases) as of 1 January 2019.

IFRS 16 Leases

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets, and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach and based on the selected transition method no adjustment to equity has been recorded. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As a lessee

The Group leases amongst others land, buildings, factory facilities, company cars and trucks.

As a lessee, the Group previously classified leases mainly as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (less than 12 months and without a purchase option) and leases for which the underlying asset is of low-value (a value below €5 thousand). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets and lease liabilities as separate lines in the statement of financial position.

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability (see below for the remeasurements of the lease liability).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate for the specific asset category and specific lease term as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease

payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts that include renewal and cancellation options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group leases a number of trucks, trailers (both in the United Kingdom) and company cars (Poland), which were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities of €25.0 million.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3.1%. For some specific long term land and factory facilities a rate between 3.5% and 6.1% has been applied depending on the lease term. A reconciliation between the commitments from operating lease at 31 December 2018 and the lease liability at 1 January 2019 is included below:

In thousands of euro

Operating lease commitments at 31 December 2018	33,106
Recognition exemptions (low value and short term)	884
Operating lease commitments 31 December 2018 excluding exemptions	32,222
Discounted using the incremental borrowing rate	22,172
Discounted extension options reasonable certain to be exercised	2,815
Additional IFRS 16 lease liabilities	24,987
Financial lease liabilities recognised at 31 December 2018	586
Lease liabilities 1 January 2019	25,573

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised €23.3 million of right-of-use assets and €23.4 million of lease liabilities as at 30 June 2019. Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised €2.5 million of depreciation charges and €0.5 million of interest costs from these leases instead of €2.8 million operating lease expense.

Other standards

A number of changes to existing standards (amendments to IFRS 9 financial instruments, IAS 28 equity accounted investees, and IAS 19 employee benefits) are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

For explanatory notes on the standards issued but not yet effective reference is made to Note 27.

Going concern principle

The interim financial statements were prepared in accordance with the going concern principle.

Comparative information

When necessary prior year amounts have been adjusted to conform to the current year presentation.

Functional and presentation currency

These interim financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. The subsidiaries' functional currencies are the euro, Pound sterling, and Polish zloty. Most of the subsidiaries' transactions, and resulting balance occur in their local and functional currency.

The following exchange rates have been applied:

Rate:	€1,00	€1,00
Rate as at 31 December 2017	€0.8872	-
Rate as at 30 June 2018	€0.8861	-
Rate as at 31 December 2018	€0.8945	PLN4.3014
Rate as at 30 June 2019	€0.8966	PLN4.2496
Average rate	€1,00	€1,00
H1 2018	€0.8798	-
H1 2019	€0.8736	PLN4.292

3. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainties with respect to estimates were the same as those applied to the last annual financial statements, except for the new judgements and estimates related to IFRS 16 lease accounting as described in Note 2.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration paid or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable

market data or the transaction is closed out.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active market to identical assets or liabilities. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Performance for the period

4. Reportable segments

A. Basis for segmentation

The Group has the following three strategic clusters, which are its reportable segments:

- The Netherlands / Belgium
- Germany / Poland
- United Kingdom

Each country is a separate operating segment, but can be aggregated into reportable segments depending on similarity of economic, market and competition characteristics, given that the nature of the products and services, the nature of the production processes, the type of customer, the methods used to distribute the products, and the nature of the regulatory environment, is similar. Compared to 2018 Belgium has been shifted from the segment Germany / Poland to the segment the Netherlands. As a result of the acquisition of Voeders Algoet at the end of 2018 ForFarmers obtained a top three position in Belgium. As such the economic and competitor characteristics of the operating activities in Belgium have more similarities with the operating activities in the Netherlands, as with those from Germany and Poland. Where ForFarmers has not yet a top 3 position. The comparative information has been adjusted to this new presentation.

The Group's products include, amongst other things, compound feed and blends, feed for young animals and specialities, raw materials and coproducts, seeds and fertilisers. Core activities are production and delivery of feed, logistics and providing Total Feed solutions based on nutritional expertise.

The Group's Executive Committee reviews internal management reports of each reportable segment on a monthly basis, and its members are considered as the chief operating decision making body.

B. Information of reportable segments

Information related to each reportable segment is set out on the next page.

The column Group / eliminations represents and includes amounts as a result of Group activities and eliminations in the context of the consolidation. There are various levels of integration between the segments. This integration includes, amongst others, transfers of inventories and shared distribution services, respectively. Inter-segment pricing is determined on an arm's length basis.

The Group is not reliant on any individual major customers.

The reconciliation between the segments' operating results and the Group's profit before tax is as follows:

In thousands of euro	Note	For the six months ended 30 June	
		2019	2018
Segment operating profit		8,976	45,154
Finance income		5,400	500
Finance costs		-4,100	-1,728
Share of profit of equity-accounted investees, net of tax		1,681	1,062
Profit before tax		11,957	44,988

Reportable segments

For the six months ended 30 June 2019

In thousands of euro	The Netherlands / Belgium	Germany / Poland	United Kingdom	Group / eliminations	Consolidated
External revenues	637,242	298,377	338,734	-	1,274,353
Inter-segment revenues	20,095	393	-	-20,488	-
Revenue	657,337	298,770	338,734	-20,488	1,274,353
Gross profit	116,799	36,127	60,885	301	214,112
Other operating income	125	147	24	871	1,167
Operating expenses	-99,478	-35,729	-62,550	-8,546	-206,303
Operating profit	17,446	545	-1,641	-7,374	8,976
Depreciation, amortisation and impairment	8,892	4,789	9,241	1,601	24,523
EBITDA	26,338	5,334	7,600	-5,773	33,499
Property, plant and equipment	108,964	57,067	88,804	4,567	259,402
Right of use asset	4,245	8,661	9,172	2,126	24,204
Intangible assets and goodwill	62,984	58,664	40,383	4,831	166,862
Equity-accounted investees	-	25,872	-	-	25,872
Other non-current assets	2,991	11,866	116	2,823	17,796
Non-current assets	179,184	162,130	138,475	14,347	494,136
Current assets	200,397	152,459	114,451	-61,658	405,649
Total assets	379,581	314,589	252,926	-47,311	899,785
Equity	-170,092	-69,499	-46,033	-128,608	-414,232
Liabilities	-209,489	-245,090	-206,893	175,919	-485,553
Total equity and liabilities	-379,581	-314,589	-252,926	47,311	-899,785
Working Capital	8,835	52,885	28,418	1,241	91,379
Capital expenditure ⁽¹⁾	6,181	3,279	6,804	1,574	17,838

For the six months ended 30 June 2018

In thousands of euro	The Netherlands / Belgium	Germany / Poland ⁽²⁾	United Kingdom	Group / eliminations	Consolidated
External revenues	609,363	210,565	321,634	-	1,141,562
Inter-segment revenues	20,068	206	-	-20,274	-
Revenue	629,431	210,771	321,634	-20,274	1,141,562
Gross profit	126,948	27,107	63,688	-38	217,705
Other operating income	4,704	-3	387	2	5,090
Operating expenses	-88,312	-22,864	-58,530	-7,935	-177,641
Operating profit	43,340	4,240	5,545	-7,971	45,154
Depreciation, amortisation and impairment	3,277	1,344	5,927	1,520	12,068
EBITDA	46,617	5,584	11,472	-6,451	57,222
At 31 December 2018					
Property, plant and equipment	109,903	57,522	89,174	4,956	261,555
Intangible assets and goodwill	64,065	59,296	40,466	4,196	168,023
Equity-accounted investees	-	25,392	-	-	25,392
Other non-current assets	2,552	10,522	107	3,251	16,432
Non-current assets	176,520	152,732	129,747	12,403	471,402
Current assets	189,386	147,923	121,072	-56,066	402,315
Total assets	365,906	300,655	250,819	-43,663	873,717
Equity	-158,213	-66,440	-51,081	-165,019	-440,753
Liabilities	-207,693	-234,215	-199,738	208,682	-432,964
Total equity and liabilities	-365,906	-300,655	-250,819	43,663	-873,717
Working Capital	-1,053	53,148	33,215	-9,017	76,293
For the six months ended 30 June 2018					
Capital expenditure ⁽¹⁾	6,410	1,807	7,283	763	16,263

⁽¹⁾ Additions to intangible assets and property, plant and equipment

⁽²⁾ 2018 excluding Poland

5. Seasonality of operations

There is no significant seasonal pattern when comparing the first with the second half of the year.

6. Business Combinations

Acquisitions 2019

On 31 May 2019 ForFarmers acquired a local business in the United Kingdom. The purchase consideration amounts to €1.2 million of which €0.3 million is a contingent consideration. The provisional fair values of the acquired assets has been determined at €1.2 million, which results in a goodwill of nil. This acquisition does not have a material impact on the Group in the context of the disclosure requirements of IFRS 3 (Business Combinations).

Acquisitions 2018

There were no significant acquisitions in the six months ended 30 June 2018.

7. Disposals

Disposals 2019

There were no disposals in the six months ended 30 June 2019.

Disposals 2018

In the six months ended 30 June 2018 ForFarmers disposed its agriculture activities to CZAV. This concerns non-livestock feed related products (e.g. fertilizers, crop protection products and seeds) that ForFarmers supplies to Dutch farmers. CZAV acquired these activities and the associated storage facility on 5 February 2018. ForFarmers received €5.7 million on the completion date of the transaction, which resulted in a gain of €4.5 million.

8. Gross profit

Gross profit decreased with €3.6 million compared to the six months ended 30 June 2019. Excluding the positive foreign currency effect (€0.7 million) and net acquisition/divestment effect (€14.4 million) gross profit decreased by €18.7 million.

9. Other operating income

The other operating income in the six months ended 30 June 2019 mainly relates to the divestment of property in the Netherlands (€0.9 million).

The other operating income in the six months ended 30 June 2018 mainly relates to the sale of the agriculture activities to CZAV. Furthermore, Forfarmers received a supplementary payment of €0.4 million for the sale of a subsidiary (2015) in the United Kingdom.

10. Operating expenses

The increase in total operating expenses amounting to €28.7 million contains a negative foreign currency effect (€0.7 million) and net acquisition/divestment effect (€14.0 million negative). Without these effects the operating expenses increased by €14.0 million. Among others due to incidental items amounting to €7.9 million (refer to Note 12), an increase of employee benefit expenses and higher energy and maintenance costs.

11. Net finance result

Net finance result amounts to €1.3 million positive (30 June 2018: €1.2 million negative) and includes, among others, a €5.0 million remeasurement (gain) of the earn-outs, partly offset by €2.4 million interest accruals (loss) on the earn-outs as well as on the put-option liability, both related to acquisitions (refer to Note 12).

12. Alternative performance measures

The Executive Committee has defined 'underlying metrics' as performance measures. These metrics exclude the impact of incidental factors from the IFRS values. The Executive Committee believes these underlying measures provide a better perspective of ForFarmers' business development and performance, as they exclude the impact of significant incidental items, which are considered to be non-recurring, and are not directly related to the operational performance of ForFarmers. The underlying metrics are reported at the level of operating expenses, EBITDA, EBIT and profit attributable to Shareholders of the Company.

Four types of adjustments are distinguished: i) Impairments on tangible and intangible assets;

ii) Business Combinations and Divestments and divestment related expenses, including the unwind of discount/fair value changes on earn-outs and options, dividend relating to non-controlling interests at anticipated acquisitions; iii) Restructuring; and iv) Other, comprising other incidental non-operating items.

The Group's definition of underlying metrics may not be comparable with similarly titled performance measures and disclosures by other companies. ForFarmers has earlier issued its guidance for the medium term of an on average annual underlying EDITDA growth in the mid single digits at constant currencies.

For the six months ended 30 June 2019

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	Underlying excluding APM items
EBITDA ⁽¹⁾	33,499	-	877	-2,625	-510	-2,258	35,757
EBIT	8,976	-4,718	877	-2,625	-510	-6,976	15,952
Net finance result			2,619	-	-	2,619	
Tax effect		948	-220	582	162	1,472	
Profit attributable to Shareholders of the Company	8,974	-3,770	3,276	-2,043	-348	-2,885	11,859
Earnings per share in euro ⁽²⁾	0.09	-0.04	0.03	-0.02	-0.00	-0.03	0.12

For the six months ended 30 June 2018

In thousands of euro	IFRS	Impairments	Business Combinations and Divestments	Restructuring	Other	Total APM items	Underlying excluding APM items
EBITDA ⁽¹⁾	57,222	-	4,922	-	-	4,922	52,300
EBIT	45,154	484	4,922	-	-	5,406	39,748
Net finance result			-46	-	-	-46	
Tax effect		-121	-1,206	-	-	-1,327	
Profit attributable to Shareholders of the Company	34,796	363	3,670	-	-	4,033	30,763
Earnings per share in euro ⁽²⁾	0.35	0.00	0.04	-	-	0.04	0.31

(1) EBITDA is operating profit before depreciation and amortization.

(2) Earnings per share attributable to Shareholders of the Company

The H1 2019 Alternative Performance Measures (APM) items before tax comprise:

- i. Impairments: €4.7 million based on the decisions to close a feed mill in the United Kingdom, to close a feed mill in the Netherlands and to cease the development of the planned new feed mill in Germany.
- ii. Business Combinations and Divestments: €0.9 million incidental gain on divestment of property in the Netherlands and €2.4 million accrual (loss) and €5.0 million remeasurement (gain) regarding the earn outs and put-option liability of acquisitions. The gain is the result of a lower valuation of the contingent considerations. In particular, the earn-out valuation regarding the Polish activities decreased due to the expected realisation of the agreed 2019 operational targets (i.e. working capital and EBITDA) in 2019 of the new feed mill in Pionki.
- iii. Restructuring: €2.6 million as a result of the closure of a feed mill in the United Kingdom and the closure of two feed mills in the Netherlands, restructuring costs of the projects in various countries related to the announced costs efficiency program.
- iv. Other: €0.5 million other operating costs related to the decision to cease development of the new mill in Germany.

The H1 2018 Alternative Performance Measures (APM) items before tax comprised:

- i. Impairments: 0.5 million for the reversal of a past impairment in 2014 in the Netherlands, which was reopened to produce non-genetically modified (non-GMO) feed.
- ii. Business Combinations and Divestments: € 4.9 million incidental gain on the divestment of the arable activities in the Netherlands, a subsequent payment regarding a disposal in the United Kingdom and 0.05 million as a result of the accrual of the contingent considerations of acquisitions.

Considering the APM items the underlying effective tax rate 2019 would be 25.6% (2018: 20.3%).

Income taxes

13. Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income (excluding the share of the result participation accounted for based on the equity method, after taxes) of the interim reporting period.

The Group's consolidated effective tax rate for the six months ended 30 June 2019 is 26.8% (six months ended 30 June 2018: 22.4%). The higher effective tax rate is mainly the result of non tax deductible expenses and a lower innovation box tax benefit in the Netherlands. The impact of the non tax deductible interest expenses regarding the earn outs and put-option liability of acquisitions is almost entirely offset by the remeasurement of the earn outs.

As of 30 June 2019 a net current tax asset has been recognised amounting to €7.8 million (31 December 2018: net tax liability of €3.1 million) as a result of advanced payments in the first six months of 2019.

Assets

14. Property, plant and equipment

Movements on property, plant and equipment during the six months ended 30 June 2019 are specified as follows:

In thousands of euro	Total
Cost	
Balance as at 1 January 2019	520,018
Acquisitions through business combinations	83
Additions	17,173
Reclassification assets under construction	-509
Reclassification to right of use asset	-1,024
Disposals	-7,634
Effect of movements in exchange rates	94
Balance as at 30 June 2019	528,201
Accumulated depreciation and impairment losses	
Balance as at 1 January 2019	-258,463
Depreciation	-12,919
(Reversal of) impairment losses on plant and equipment	-4,717
Reclassification to right of use asset	77
Disposals	7,117
Effect of movements in exchange rates	106
Balance as at 30 June 2019	-268,799
Carrying amounts	
At 1 January 2019	261,555
At 30 June 2019	259,402

The investments mainly consist of trucks (€3.3 million), plant equipment (€2.5 million), investments in the production facilities in Deventer and Calveslage (€1.8 million), IT hardware (€0.9 million) and other individual smaller investments.

The reclassification to right of use assets relates to the transition to IFRS 16 and consists of assets previous recognised as financial lease.

15. Right of Use assets

Movements on right of use assets during the six months ended 30 June 2019 are specified as follows:

In thousands of euro	Total
Cost	
Balance as at 31 December 2018	-
Transition to IFRS 16	24,987
Balance as at 1 January 2019	24,987
New lease contracts	1,418
Reclass (from property, plant and equipment)	1,024
Lease contracts ended	-8
Remeasurement	-562
Effect of movements in exchange rates	-1
Balance as at 30 June 2019	26,858
Accumulated depreciation and impairment losses	
Balance as at 1 January 2019	-
Depreciation	-2,607
Reclassification (from tangible assets)	-77
Lease contracts ended	8
Effect of movements in exchange rates	22
Balance as at 30 June 2019	-2,654
Carrying amounts	
At 1 January 2019	24,987
At 30 June 2019	24,204

The new lease contracts mainly relate to new lease cars in the Netherlands and the United Kingdom. The remeasurement relates to a change in the (expected) lease term of the lease contract of a production location in the United Kingdom.

The reclassification from property, plant and equipment relates to the transition to IFRS 16 and consists of assets previous recognised as financial lease. Based on a purchase option in these contracts the expected remaining useful life is longer than the lease term, which results at transition date in an asset value above the value of the lease liability.

16. Intangible assets and goodwill

Movements on intangible assets and goodwill during the six months ended 30 June 2019 are specified as follows:

In thousands of euro	Goodwill	Intangible assets	Total
Cost			
Balance as at 1 January 2019	110,312	86,537	196,849
Acquisitions through business combinations	44	1,318	1,362
Additions	-	665	665
Reclassification assets under construction	-	509	509
Effect of movements in exchange rates	376	146	522
Balance as at 30 June 2019	110,732	89,175	199,907
Accumulated amortisation and impairment losses			
Balance as at 1 January 2019	-	-28,825	-28,825
Amortisation	-	-4,280	-4,280
Reclassification from property, plant and equipment	-	-	-
Effect of movements in exchange rates	-	61	61
Balance as at 30 June 2019	-	-33,044	-33,044
Carrying amounts			
At 1 January 2019	110,312	57,712	168,024
At 30 June 2019	110,732	56,131	166,863

The addition to goodwill of €44 thousand relates to an adjustment of the purchase price allocation of Voeders Algoet. The acquisitions through business combinations consist of the client relationships of the acquisition in the United Kingdom, refer to Note 6 for additional information.

Goodwill acquired through business combinations with indefinite lives is allocated cash flow generating units for impairment testing. The Group performed its annual impairment test in the third quarter of 2018.

For the cash flow generating unit the United Kingdom an additional goodwill impairment test has been performed as at 30 June 2019, because an indicator for a potential goodwill impairment was identified during the six months ended 30 June 2019. The difference between the recoverable amount and carrying amount at 30 June 2019 was €17.6 million (2018: €30.9 million) and goodwill for the United Kingdom amounted €23.1 million.

A reasonable change in the assumptions could have resulted in a recoverable amount below the carrying amount of the cash flow generating unit. The key assumptions used in the goodwill impairment test as of 30 June 2019 of the United Kingdom and the changes to these assumptions which would have resulted in a recoverable amount equal to the carrying amount are included in the table below:

In percentage	Discount rate pre-tax	Terminal value growth rate	Expected EBITDA growth rate ⁽¹⁾
Assumptions used	9.20%	0.75%	7.94%
Change	0.88%	-0.95%	-1.26%
Recoverable amount equals carrying amount	10.08%	-0.20%	6.68%

(1) Expected EBITDA growth compared to 2018.

For the other cash generating units and for other intangible assets no indicators for potential impairment were identified.

17. Equity-accounted investees

The amounts under equity-accounted investees (€25,872 thousand as per 30 June 2019, respectively €25,392 thousand as per 31 December 2018) fully relate to HaBeMa Futtermittel Produktions- und Umschlagsgesellschaft GmbH & Co. KG (HaBeMa), the only joint venture in which the Group participates. HaBeMa is one of the Group's suppliers and is principally engaged in trading of raw materials, storage and transshipment, production and delivery of compound feeds in Hamburg, Germany.

HaBeMa is structured as a separate vehicle and the Group has a residual interest in the net assets of the entity. Accordingly and consistent with the last annual financial statements, the Group has classified its interest in HaBeMa as a joint venture. The Group does not have any commitments or contingent liabilities relating to HaBeMa, except for the purchase commitments of goods as part of the normal course of business.

18. Inventory

At 30 June 2019 the total amount of inventories decreased by €8.2 million to €85.3 million, without the acquisition effect of €7.7 million the decrease is €15.9 million. During the six months ended 30 June 2019 there were no material inventory write-downs recognised in the statement of profit or loss (six months ended 30 June 2018: idem).

In accordance with the dividend policy the payable dividend is offset (if applicable) with outstanding Group trade receivables and the receivable from the Coöperatie FromFarmers U.A. This results in an actual payment of dividend (including dividend tax to be paid to the tax authorities) in 2019 of €29.4 million (including €0.4 million dividend to the minority shareholder of ForFarmers Thesing Mischfutter GmbH & Co. KG). The treasury shares are not entitled to dividend.

Share buy-back programme

The General Meeting of Shareholders empowered ForFarmers at 26 April 2019, for a period of 18 months, to start a buy-back programme for own shares for (a) an amount of €30 million to among others have a more efficient balance at Group level and (b) for the execution of the employee participation plans in 2019. The Group has bought back 0.6 million shares in the period 3 May 2019 until 30 June 2019, for a total amount of €4.3 million (including commission fees), of which the remaining amount of €0.2 million has been settled with the bank in the beginning of July. Depositary receipts were reissued for an amount of €1.9 million (0.3 million shares) for the employee participation plans. The balance for purchase of own shares amounts to €62.4 million (31 December 2018: €60.0 million) (including commission fees).

Equity and liabilities

19. Equity

At 30 June 2019, the authorised share capital comprised 106,261,040 ordinary shares and 1 priority share of €0.01 each. At the balance sheet date all shares were issued and fully paid.

Dividend

At the General Meeting of 26 April 2019 the dividend was approved at €0.30 per share. The dividend contains a dividend of €0.283 and a special dividend of €0.017. This resulted in a total dividend of €30.1 million (including dividend taxes to be paid to the tax authorities).

20. Share-based payment arrangement

On 26 April 2019, the Group launched two employee participation plans. One plan relates to members of the Executive Committee and senior management, the other plan relates to other employees. The conditions of both plans are consistent with the participation plans applicable for 2018 which have been disclosed in the notes of the last annual financial statements.

The value of the depositary receipts of the Company, for which the employee could buy their depositary receipts, was determined as the average Euronext closing price in the 5 trading days during the period 2 May - 8 May 2019 and amounted to €7.20.

The total number of participants of all active employee participation plans comprises 17.6% of the total number of the Group's employees.

21. Employee benefits

Consistent with the last annual financial statements, separate employee benefit plans are applicable in the various countries where the Group operates.

In thousands of euro	30 June 2019	31 December 2018
Liability for net defined benefit obligations	28,865	28,683
Liability for other long-term service plans	5,124	4,813
Total	33,989	33,496

The following table shows a reconciliation from the opening balance to the closing balances for the net defined benefit liability and its components.

In thousands of euro	Total net defined benefit liability
Balance at 1 January 2019	28,683
Included in profit or loss	
Current service cost	483
Administrative expenses	-
Interest cost (income)	300
	783
Included in Other Comprehensive Income	
Remeasurement loss	4,644
Effect of movements in exchange rates	10
	4,654
Other	
Employer contributions (to plan assets)	-5,255
	-5,255
Balance as at 30 June 2019	28,865

The remeasurement loss of €4.6 million is mostly caused by actuarial losses due to the decreased interest rate in the Netherlands and the United Kingdom for the six months ended 30 June 2019.

22. Provisions

The increase of the provisions is mainly due to the additions to the restructuring provision as a result of the closing of certain feed mills. Next to the increase in the provisions based on the announced efficiency programme.

Financial instruments

23. Financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2019

In thousands of euro	Carrying amount				Fair value			Total
	Mandatory at FVTPL - others ⁽¹⁾	Fair value - hedging instruments	Amortized costs	Total	Level 1	Level 2	Level 3	
Financial assets measured at fair value								
Fuel swaps used for hedging (derivatives)	-	159	-	159	-	159	-	159
	-	159	-	159	-	159	-	159
Financial assets not measured at fair value								
Equity securities (other investments)	-	-	28	28	-	-	-	-
Trade and other receivables ⁽²⁾	-	-	266,246	266,246	-	-	-	-
Cash and cash equivalents	-	-	54,020	54,020	-	-	-	-
	-	-	320,294	320,294				
Financial liabilities measured at fair value								
Contingent consideration	-15,037	-	-	-15,037	-	-	-15,037	-15,037
Put option liability	-34,593	-	-	-34,593	-	-	-34,593	-34,593
Forward exchange contracts used for hedging (derivatives)	-	-13	-	-13	-	-13	-	-13
	-49,630	-13	-	-49,643	-	-13	-49,630	-49,643
Financial liabilities not measured at fair value								
Bank overdrafts	-	-	-64,285	-64,285	-	-	-	-
Loans and borrowings	-	-	-50,533	-50,533	-	-	-	-
Lease liabilities	-	-	-23,814	-23,814	-	-	-	-
Trade and other payables ⁽³⁾	-	-	-245,970	-245,970	-	-	-	-
	-	-	-384,602	-384,602	-	-	-	-

(1) Fair value through profit and loss

(2) Excluding derivatives and other investments

(3) Excluding contingent considerations and the put option liability

The following table show the valuation technique used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.
Interest rate swaps and fuel swaps	The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivative financial instruments are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations.	Not applicable.
Contingent consideration and put option liability	The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast sales volume / EBITDA developments, the anticipated net debt position, the amount to be paid under each scenario and the probability of each scenario.	<ul style="list-style-type: none"> • Forecast annual sales volume / EBITDA growth rate. • Forecast receipts gross trade receivables. • Forecast net debt position. • Risk-adjusted discount rate. <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • the annual sales volume / EBITDA growth rate were higher (lower). • the receipts of the gross trade receivables vary positive (negative) from the standard payment terms. • the actual net debt position varies positive (negative) from anticipated position. • the risk-adjusted discount rate were lower (higher).

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Equity securities (non-current)	For investments in equity instruments that do not have a quoted market price in an active market for an identical instrument (i.e. a Level 1 input) disclosures of fair value are not required.	Not applicable.
Loans and receivables (non-current)	Discounted cash flows.	Not applicable.
Cash, trade and other receivables and other financial liabilities (current)	Given the short term of these instruments, the carrying value is close to the market value.	Not applicable.
Other financial liabilities (non-current)	Discounted cash flows. The fair value of the long-term debts is equal to the carrying value as floating market-based interest rates are applicable consistent with the financing agreement.	Not applicable.

Net debt

The increase of the net debt position to €60.8 million (31 December 2018: €17.1) is mainly due to lower operating cash flows, in combination with investments (€16.8 million), the dividend payment of €29.4 million and the share buy-back programme (€2.3 million).

Exposure to commodity risk

During the six months ended 30 June 2019 the Group has applied derivatives to hedge the risks associated with fuel prices and foreign currency risks. In the frame of these cash flow hedges, maturities relate to realisation dates of hedged items and therefore cash flow hedge accounting is applied.

Refinancing

On 25 June 2019 ForFarmers signed a new €300 million credit facility (multi-currency revolving facility) with an international syndicate of banks. This facility replaces the previous facility, which was also €300 million. The previous credit facility was signed in 2014 and would mature on 31 January 2020. The new facility expires on 25 July 2024 and includes two one-year extension options. The facility is provided by an international syndicate of banks, consisting of ABN AMRO, HSBC, ING, KBC and Rabobank.

The covenant guidelines are not changed materially compared to the previous facility.

The local secured bank loans relating to the entities Voeders Algoet (Belgium) and Tasomix (Poland), which are acquired in 2018, are still in place as at 30 June 2019. ForFarmers intends to settle these local loans in the second half of 2019 with the new facility as mentioned above.

Other information

24. Commitments and contingencies

The purchase commitments for raw materials decreased compared to 31 December 2018 by €187.6 million to €421.6 million. The other commitments and contingencies, as disclosed in the last annual financial statements, did not change materially during the six months ended 30 June 2019.

25. Related parties

During the six months ended 30 June 2019 there were no material changes in respect of the nature and size of the related parties compared with the last annual financial statements.

26. Events after the reporting date

No major events after the reporting date have occurred.

27. Standards issued but not yet effective

New standards and amendments to standards issued but not yet effective as of the date of publication of these Group's interim financial statements are set out below. The listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group shall adopt these standards and interpretations when they become effective and are endorsed by the European Union (EU). The Group has performed an assessment on the possible effects of the for ForFarmers relevant amendments of IFRS 3 (Business combinations), IAS 1 (Presentation of financial statements) and (IAS 8 Accounting policies, Changes in Accounting estimates and errors). The Group does not expect any impact on the current financial position and results.

Lochem, 15 August 2019

Executive Board ForFarmers N.V.

Yoram Knoop, CEO

Arnout Traas, CFO

Adrie van der Ven, COO

Supervisory Board ForFarmers N.V.

Cees de Jong, Chairman

Sandra Addink-Berendsen, Vice-Chair

Roger Gerritzen

Vincent Hulshof

Cees van Rijn

Erwin Wunnekink