

the *total* feed business



ForFarmers B.V. results H1 2015

Lochem (NL), 28 August 2015

Notifications and disclaimer

PUBLICATION 2015 HALF YEAR REPORT

The 2015 half year report (including balance sheet and profit and loss account) is available on the website of ForFarmers as from 28 August 2015 (www.forfarmersgroup.eu).

ACCOUNTING POLICIES

The figures in this presentation were taken from the 2015 half year report of ForFarmers in respect of which an audit was not conducted. The 2015 half year report and the figures taken from the same in this presentation were prepared in accordance with Dutch accounting policies.

SUPERVISION

Given the free tradability of the (depository receipts for) shares on the current external trading platform, ForFarmers is under the supervision of the Netherlands Authority for the Financial Markets (AFM) and the company acts in accordance with the rules applicable to companies that issue securities.

IMPORTANT DATES

28-08-2015 Publication of 2015 half year figures

22-03-2016 Publication of 2015 annual figures

15-04-2016 General Meeting ForFarmers B.V.

26-08-2016 Publication of 2016 half year figures

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements that are related to, amongst others, the statutory capital and liquidity positions in certain specified scenarios required for ForFarmers. In addition, forward-looking statements can, without any limitation, contain statements with the words “intends to”, “expects”, “takes into account”, “is aimed at”, “has the intention”, “estimated”, and words of a similar scope. These statements are related to or may be related to future business affairs, e.g. ForFarmers’ future financial results, business plans, and current strategies. Forward-looking statements are subject to a number of risks and uncertainties that may imply that actual results and performances differ essentially from the expected future results or performances that were, either implicitly or expressly, included in forward-looking statements. Factors that may result in changes in the current forecasts, or that may contribute to this, include but are not limited to developments in legislation, technology, taxes, case law and regulations, fluctuations in market prices, legal proceedings, investigations by regulators, the competitive relationships, and general economic conditions. These and other factors, risks, and uncertainties that may affect a forward-looking statement or the actual results of ForFarmers are discussed in the 2014 annual report. The forward-looking statements in this presentation are exclusively related to statements as from the date of this document and ForFarmers does not accept any obligation or responsibility for the updating of the forward-looking statements that were included in this press release regardless of the fact whether they are related to new information, future events or otherwise, unless ForFarmers is by law obliged to do so.

Agenda

Highlights

Financial results 1H15

Horizon 2020

Outlook & Summary

Solid growth of operating result*

Net revenue and volume

€1.2bn: -/ -€13.9m (-/ -1.2%) vs. 1H14

- Mainly due to lower raw materials prices
- Total Feed volume increased to 4.5m tonnes (3.0%)
- Excluding acquisitions, Total Feed volume flat

Gross profit

€220.1m: + €20.3m (10.2%) vs. 1H14

- Like-for-like: + €7.4m (3.7%), mainly in NL and Germany from improved (i) usage of nutritional expertise, (ii) product mix and (iii) volume
- Acquisition impact of + €4.6m (2,3%), currency impact of + €8.3m (4.2%)

Operating result (EBIT) excl. incidentals

€32.6m: + €2.6m (8.7%) vs. 1H14

- All clusters contributed to growth
- Efficiency enhancements and energy savings almost covering labour cost inflation and One ForFarmers program expenses
- Net acq./ divestment impact -/ -€0.5m due integration costs

Profit after tax

€22.9m: + €4.1m (21.8%) vs. 1H14

- Increase largely due to higher gross profit

Earnings per share after tax

€0.22 per share: + €0.04 (22.0%) vs 1H14

Capital structure

Solid financial basis

- Solvency of 49.2% (50.9% in FY14), impacted by pension liability increase in the UK
- Increase of working capital vs. FY14 due to seasonality and currency impact
- Net cash decreased vs. FY14 due to dividend payment and acquisition of Countrywide

*before incidentals

Agenda

Highlights

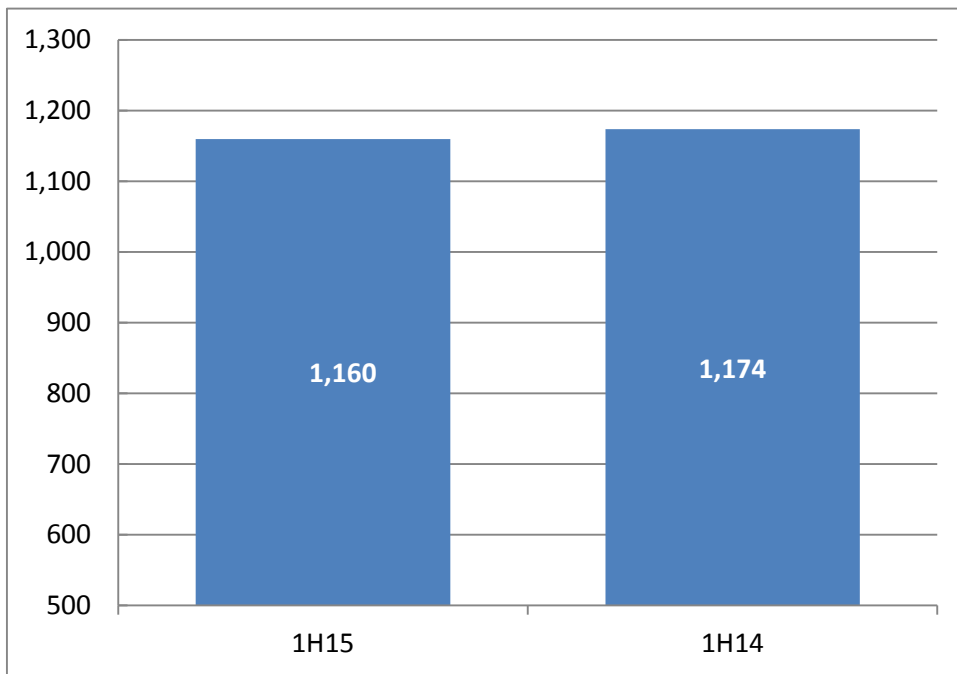
Financial results 1H15

Horizon 2020

Outlook & Summary

Volume and currency gains offset by lower commodity prices resulted in lower net revenue

(In €m)



	1H15	1H14
The Netherlands	500	518
Germany & Belgium	302	317
United Kingdom	386	371
Elimination/ Reconciling items	(29)	(33)
Net Revenue	1,160	1,174

Net revenue: €1.2bn (-/-€13.9m, -/-1.2%)

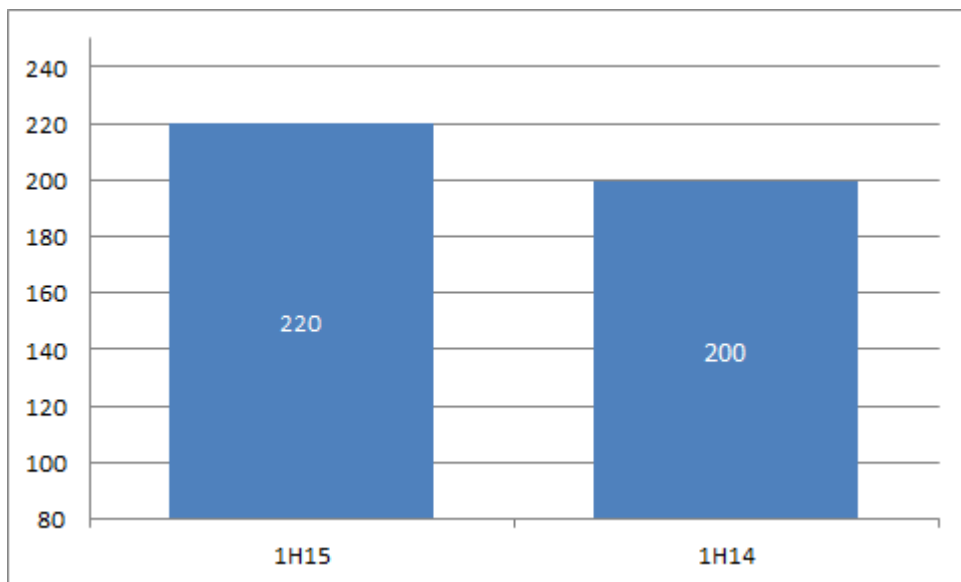
- Like-for-like: -/-5.5%
 - Decrease of commodity prices (c. 80% of sales)
- Currency impact: + €39.3m (3.3%)
- Acquisition impact: + €11.9m (1.0%)

Volume

- 3.0% increase in Total Feed volume to 4.5 million tonnes
- Excluding acquisition effect Total Feed volume flat
- Netherlands: 3.0%
 - Small increase in compound feed driven by all species except for swine
 - Increase in DML (Dry Moist Liquid)
- Germany/ Belgium: flat
 - Small increase in compound feed in layers and swine
- United Kingdom: 5.3%
 - Like-for-like: -/-4.0%
 - Increase in compound feed volume in all species due to acquisitions, flat though like-for-like
 - Growth in DML from acquisitions, like-for-like decrease though due to market conditions

Positive gross profit development due to volume and small margin improvements

(In €m)



	1H15	1H14
The Netherlands	94.0	90.6
Germany & Belgium	42.1	38.6
United Kingdom	83.6	70.5
Elimination/ Reconciling items	0.4	0.1
Total Gross Profit	220.1	199.8

Gross profit: €220 (+ €20.3m, 10.2%)

- Like-for-like: + €7.4m (3.7%)
- Currency effect: + € 8.3m (4.2%)
- Acquisition effect: + €4.6m (2.3%)

- Netherlands: + €3.4m
 - Slightly higher volumes
 - Better utilisation nutritional knowledge
 - Shift in product mix to higher margin specialty products

- Germany and Belgium: + €3.5m
 - Mainly Germany due to the increase in storage activities of €3.2m
 - Shift of product mix to higher share of specialty products

- United Kingdom: + €13.1m
 - Like-for-like increase €0.2m, mainly due to lack of market volume in DML
 - Net acquisition effect from HST, Wheyfeed, Countrywide and divestment of BOCM PAULS International: €4.6m

Solid growth in EBIT due to gross profit improvements and ongoing efficiency focus

<i>(In €m)</i>	1H15	1H14
Gross profit	220.1	199.8
Operating expenses		
Personnel costs	75.9	66.7
Depreciation	14.9	14.2
Other operating expenses	98.3	92.9
Total	189.0	173.8
Operational result (EBIT) incl. incidentals	32.7	27.9
Operational result excluding incidentals	32.6	30.0

Operating expenses: €189.0m (+ €15.2m, 8.8%)

- Like-for-like: + €4.9m
 - €2.0m increase from storage activities
 - Bird flu effect of €0.3m
 - Other items of in total €2.6m
 - Investments in One ForFarmers slightly higher than operational efficiency gains
- Acquisitions effect: + €5.1m (2.9%)
- Currency effect: + €7.3m (4.2%)
- 1H14 included restructuring cost of €2.1m

Operating result ex. inc.: €32.6m (+ €2.6m, 8.7%)

- Like-for-like: + €2.1m
- Increase in all clusters
- Acquisition effect: -/ -€0.5m (-/ - 1.7%)
- Currency effect: + €1.0m (3.3%)

Incidentals:

- 1H15: sale of real estate profit €0.1m
- 1H14: closing Deventer €2.1m

Result after tax improved

<i>(In €m)</i>	1H15	1H14
Operating result	32.7	27.9
Financial income and expenses	(0.5)	(1.6)
Taxes	(9.1)	(7.2)
Result participations	–	–
Third-party shares	(0.2)	(0.3)
Result after taxes	22.9	18.8
Earnings per share after tax (in €)	0.22	0.18

Result after taxes: €22.9m (+ €4.1m, 21.8%)

- Financial income & expenses
 - Currency gain on Euro loans to cluster UK of €0.7m
 - Higher Interest expense of €0.9m for pension fund UK
 - Lower net financing costs of €1.3m, mainly due to the new bank facility

Earnings per share: €0.22 (+ €0.04, 22.0%)

Solid capital structure

Condensed balance sheet

<i>(In €m)</i>	30 Jun 15	31 Dec 14
Fixed assets	322	302
Current assets	418	406
Total assets	740	708
Group equity	369	365
Provisions	104	93
Long-term debts	71	54
Short-term debts	197	196
Total liabilities	740	708

<i>(In €m)</i>	30 Jun 15	31 Dec 14
Net working capital	141.4	133.2
Net debt/ (cash)	(6.8)	(24.1)

- Solvency: 49.2% (50.9% as per FY14)
 - Result of increased pension liability, dividend payment and currency effect
- Working capital: €141.4 (+ 8.2m, 6.2%)
 - Seasonality crop business, prepayments and currency impact
 - Lower working capital vs 30 Jun 14 € 152.7m
- Net cash: €6.8m (-/-17.3m)
 - Dividend payment: €18.7m
 - Countrywide acquisition: €15.1m

Group equity increased to €368.5m

<i>(In €m)</i>	2015	2014
Equity value at 31 December	360,6	338.4
Dividend paid	-18.7	-14.4
Exchange rate differences on participating interest	4.2	2.2
Purchase of own shares	-0.4	0.1
Actuarial results	-4.7	-2.8
Profit current financial year	22.9	18.8
Equity value at 30 June	363.9	342.1
Minority interests in group equity	4.6	4.2
Group equity at 30 June	368.5	346.3

Group equity: €368.5m (+ €22.2m, 6.4%)

- Equity
 - Equity increased to €363.9m mainly due to the addition of the current financial year result less the paid dividend
 - Pension provision in the United Kingdom of € 4.7m was accounted for in equity
 - Currency translation differences related to investment ForFarmers UK was accounted for in equity (€ 4.2 million)

Solvency declined slightly from 50.9% at the end of 2014 to 49.2% as at 30 June 2015

Agenda

Highlights

Financial overview 2015 H1 results

Horizon 2020

Outlook & Summary

Horizon 2020

THE LEADING TOTAL FEED PARTNER FOR FARMERS IN EUROPE



Horizon 2020 – Activities update

Focus on attractive segments

- Client segmentation in all countries progressing. SAP CRM selected as tool, roll-out planned for 2015-2016
- European marketing organisation set up per livestock group with all leaders and positions filled

Partner and deliver the Total Feed Business portfolio

- Renewed partnership with Nutreco working well and yielding first benefits, contributing to enhanced nutritional performance & margin enhancement
- New co-developed piglet range launch scheduled for H2 2015
- Enhancing customer facing linkage between DML and Compound Feed operations leading to volume swine feed growth in Netherlands
- Purchasing cooperation with Agrifirm Plant in the field of fertilisers, seeds and pesticides in place and starting deliveries H2 to ForFarmers dealers in the Netherlands

Horizon 2020 – Activities update

Acquisitions

- Dedicated team in place with focus on core 4 countries, as well as new regions (Europe+)
- Ongoing strong performance from fully integrated business HST. Full integration of Wheyfeed slightly behind. Full integration of Countrywide now already in place and expectation of positive contribution to EPS by 2016.

OneForFarmers: functional excellence & leverage scale

- Full rebranding to the ForFarmers brand completed
- New matrix organisation with strong functional capabilities largely complete and working as expected
- Formulation & purchasing done as one team for the group leveraging unique skills practices
- Further moves towards uniform operating methods and IT & finance systems anticipated for 2016 and beyond
- New investments in logistics/tankers and a new ruminants plant in Exeter UK (>10 million pound)
- Health & Safety standards raised across the group leading to enhanced near miss reporting and awareness

Horizon 2020 – Deliverables update

Employee development

- Senior Management Development Programme and Potential Programme have started
- Changes to senior management team continue to be a combination of internal (international) promotion and external recruitment
- New participation scheme for all employees, approximately 20% have become shareholders
- New commercial incentive scheme based on gross profit to be implemented 2H15 in the Netherlands

Total nutrition solutions

- Transformation from compound feed approach to Total Feed approach has started
- Portfolio expansion by means of strategic collaborations for fertilisers & enhanced piglet range
- Significant increase in volume specialties thanks to Calf Milk Replacer
- Cross-selling existing products and concepts within the group as “Feed2Milk” & Calf Milk Replacer

Best in industry profits

- Operating result excluding incidentals up by 11.6%, net profit up 21.8%
- EBIT % H1 2015 2.8% vs. 2.4% over H1 2014

Agenda

Highlights

Financial overview 2015 H1 results

Horizon 2020

Outlook & Summary

Outlook & strategic priorities

- Market conditions, especially in the dairy market because of lower milk prices and in the pig segment due to continuing lower prices, remain difficult and margins for farmers are still under pressure
- Despite that farming conditions are still under pressure we remain confident in terms of our ability to implement our strategy Horizon 2020 and make ongoing progress
- Persistent fluctuations in raw materials prices expected as a result of instability in agricultural markets and (geo)political tensions
- Effects of exchange rates of fluctuations of US dollar and British pound will impact ForFarmers results in the remaining part of 2015
- Continued development of client proposition of Total Feed per livestock type in line with Horizon 2020
- There will be one-off expenses in the professionalisation of the organisation and costs related to the transfer from trading platform to public stock exchange
- ForFarmers expects, except for other unforeseen circumstances, for the full year 2015 an increase of net result compared to 2014

Summary

Tightened strategy “Horizon 2020” & strategic partnerships are being implemented

Bolstering internal organisation mostly complete

Organic growth driven by Total Feed & enhanced application of nutritional knowledge

Solid increase in operating result despite challenging farming conditions

Integration acquisitions in the UK on track and focus on core 4 countries & new regions (Europe+)

Proposed transition from trading platform to Euronext on track for 2016

the *total* feed business

