

the *total* feed business



ForFarmers N.V. Presentation Half-Year 2018 Results



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REPORTING STANDARDS

The results in this presentation are derived from the ForFarmers half year 2018 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 are freely tradable 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

01-11-2018	Publication Q3 2018 Trading Update
13-03-2018	Publication 2018 annual results
26-04-2019	General Meeting of Shareholders
02-05-2019	Publication Q1 2019 Trading Update
15-08-2019	Publication half-year 2019 results
31-10-2019	Publication Q3 2019 Trading Update

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This presentation 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 presentation 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.



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FINANCIAL RESULTS HALF-YEAR 2018

Highlights half-year 2018

General developments in the sectors in Europe

- Milk prices lower than in 1H17 – still above historical average
Milk production in NL declining due to phosphate reduction measures
- European pig prices lower than in 1H17 (when historically high). As of then decline of prices due to increasing number of pigs and lower growth in export from Europe
- Egg prices high at beginning 2018 (in wake of fipronil-affair NL). In Q218 prices declined
- Prices for broilers at reasonable level (due to trade restrictions for Brazil, large supplier of European import)

Results ForFarmers

Total Feed volume: +2.1% to 4.8mT

- Growth in NL and G/ BE (due to o.a. more DML¹ products) larger than decline in UK
- Ruminants: growth in all clusters despite phosphate reduction measures in NL
- Swine: growth in NL and G/ BE larger than decline in UK
- Poultry: growth in NL and G/ BE larger than decline in UK

Compound feed: +0.7% to 3.3mT

- Growth in G/ BE and fairly stable volumes in NL and UK

Note 1. DML means Dry, Moist and Liquid co-products

Highlights half-year 2018 - continued

Gross profit:	+5.0% to €217.7m; like-for-like ¹ (LFL) growth of +6.2%
Underlying EBITDA²: at constant currencies:	+1.2% to €52.3m; LFL growth in all clusters (total 4.4%) +1.6% to €52.5m
Incidental gain	€5.4m (pre-tax), mainly due to sale of arable activities in NL
Profit (to shareholders):	+14.5% to €34.8m
EPS:	+20.7% to €0.35 (total increase €0.06; profit growth (€0.04) and impacted by SBB ³ (€0.02))
Net cash flow from operational activities	+9.3% to €40.1m
Ratios:	
Conversion ratio <i>Underlying EBITDA/ gross profit</i>	24.0% (1H17: 24.9%)
ROACE ⁴	26.3% (1H17: 23.4%)
Solvency	52.8% (Dec-17: 52.1%)

Notes: 1. Like-for-like is the movement excluding acquisitions and divestments and currency effects; 2. Underlying EBITDA defined as EBITDA excluding incidentals; 3. SBB means share buy back programme; 4. ROACE means underlying EBITDA divided by 12-months average capital employed

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Like-for-like growth underlying EBITDA

(in €m)	1H18	1H17	Total %	FX ²	M&A ³	LFL ⁴	Comments
Total Feed volume	4,825	4,725	2.1%		0.1%	2.0%	Growth in NL and GE/ BE mainly due to more DML volume, decline in UK
<i>o/ w Compound feed</i>	3,322	3,300	0.7%		0.1%	0.6%	Stable in NL (due to phosphate emission reduction measures) and in UK. Growth in GE/ BE
Gross profit	217.7	207.3	5.0%	-0.6%	-0.6%	6.2%	Growth in all clusters; higher volumes, better product mix with more specialties, contribution of strategic partnerships, passing on of energy prices
Depreciation, amortisation and impairment	-12.1	-12.7					Higher depreciation costs following higher capex programme offset by translation effect GBP and incidental reversal of impairment Deventer mill (€0.5m)
Total Operating expenses	-177.6	-169.1	5.0%	-0.7%	0.1%	5.6%	Volume growth and small increase number of FTEs. Higher production and transport costs, M&A fees and IT costs. Net release from provision doubtful debts of €0.4mln. (1H17 : release €1.1m)
Operating profit (EBIT) incl. incidental items	45.2	38.7	16.8%	-0.3%	-3.6%	20.7%	
EBITDA	57.2	51.5	11.1%	-0.5%	-2.7%	14.3%	
Incidental items ⁵	-4.9	0.3					Sale of arable activities in NL (€4.5m) and incidental gain in UK (€0.4m)
Underlying EBITDA⁶	52.3	51.7	1.2%	-0.5%	-2.7%	4.4%	Development underlying EBITDA per cluster: <ul style="list-style-type: none"> • NL: +3.8% to €39.4m • GE/BE: +19.1% to €8.3m • UK: +0.1% tot €11.1m
Translation-effect	0.2						Pound sterling to euro
Underlying EBITDA at constant currencies	52.5	51.7	1.6%				

Notes: 1. presented percentages are calculated on the rounded amounts in million euro with one decimal and additions may lead to small differences due to rounding; 2. FX means currency translation impact; 3. M&A means net effect acquisitions/divestments. 4. LFL stands for like-for-like and is excl. currency and effect of acquisitions/ divestments; 5. Incidental items excluding reversal impairment NL; 6. EBITDA excl. Incidental items

Profit growth¹

<i>(in €m)</i>	1H18	1H17	Comments
Operating profit	45.2	38.7	Including incidental gain €5.4m (mainly due to sale of arable activities in NL)
Net finance costs	-1.2	-0.8	
Share of profit of equity-accounted investees, net of tax	1.1	1.8	Decline results HaBeMa due to decline in trading volume
Income tax expense	-9.8	-9.2	
Profit for the period	35.1	30.6	Increased by 14.7%
Effective Tax Rate	22.4%	24.2%	One-off changes in GE and UK
Non-controlling interests	-0.3	-0.2	
Profit attributable to owners of the company	34.8	30.4	Increased by 14.5%
Basic earnings per share (in €)	0.35	0.29	Growth of basic EPS: 20.7% (total increase €0.06), due to profit growth (€0.04) and SBB ² programme 2017 (ended end of February 2018 (€0.02))
ROACE³	26.3%	23.4%	Mainly due to reduction working capital in 2H17

Notes: 1. presented percentages are calculated on the rounded amounts in million euro with one decimal; 2. SBB means share buy back programme which started in 2017 and ended in February 2018; 3. ROACE defined as underlying EBITDA/average capital employed over 12 months rolling average, based on underlying EBIT it increased from 17.6% to 20.1%

Healthy capital structure

<i>(in €m)</i>	30-06-2018	31-12-2017	Comments
Total Assets	784.5	787.3	
Equity	414.5	409.9	Combination of net profit minus dividend payments and SBB ¹ and including other comprehensive income such as remeasurement defined benefits UK
Solvency ratio	52.8%	52.1%	Total equity/ total assets
Net working capital	67.4	69.2	
- Current assets ²	293.0	285.0	
- Current liabilities ³	225.5	215.8	
Overdue receivables	14.6%	14.9%	
Net Debt / (Cash)	(63.0)	(67.1)	This includes net of cash, short term and long term bank facilities and loans Payment for Tasomix (€57.1m) done after balance sheet date

Notes: 1. SBB means share buy back programme which started in 2017 and ended in February 2018; 2. current assets excluding cash and cash equivalents; 3. current liabilities excluding bank overdrafts. 3. additions may lead to small differences due to rounding

Market and sector developments by cluster

The Netherlands

- Impact measurements reduction phosphate emissions on dairy farmers: declining dairy herd and purchase of phosphate rights requires extra investments
- 'Warm restructuring of pig farming' announced: innovation and restructuring swine sector to improve living environment in livestock-rich areas. On voluntary basis
- Demand for non-GMO¹ feed is increasing (has led to re-opening of Deventer mill)

Germany

- 'Düngeverordnung' introduced: mitigates environmental impact of phosphate and nitrate in swine sector and limits manure dispersion by farmers individually
- Demand for non-GMO¹ feed is increasing

Belgium

- Consumer interest for quality and provenance of food (and thus feed) increasing: more focus on AMR²
- Growing demand for non-GMO¹ feed particularly from goat and layer farmers

United Kingdom

- Increasing demand for performance feed in ruminant sector
- Consolidation dairy sector, but dairy herd stable
- Growth of pig herd and growing demand for pig meat
- On-going consolidation swine sector
- Impact Brexit: reluctance of farmers (smaller and medium sized farms) in making investments

Notes: 1. non-GMO means non genetically modified organisms, 2. AMR means anti microbial resistance

Total Feed volume-development

Volume Total Feed: +2.1% (4.8 mT)

- *Compound feed* +0.7% (3.3 mT)

The Netherlands : + 0.9% (2.2 mT)

- Impact measures reduction phosphate emissions in dairy sector
- Growth Total Feed volume in swine and poultry sector
- Impact transfer of Belgian DML accounts to Belgium
- Volume growth biological (organic) feed (Reudink)
- Volume compound feed stable

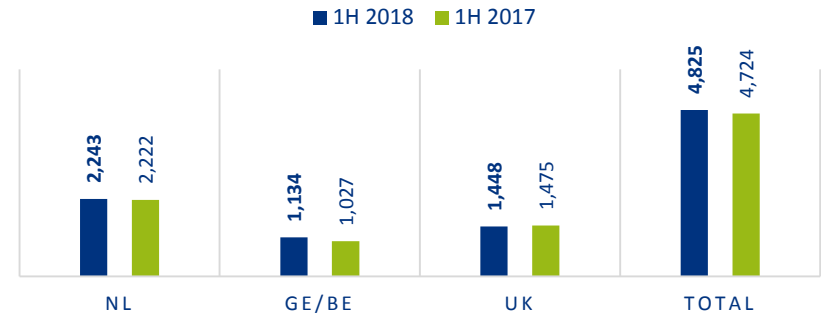
Germany/Belgium +10.4% (1.1 mT)

- TF volume growth in all sectors
- Successful introduction NOVA sow concept
- Growth in DML volume through a.o. administration of sales to Belgian customers transferred to BE (in stead of in NL)
- Lower growth compound feed than Total Feed

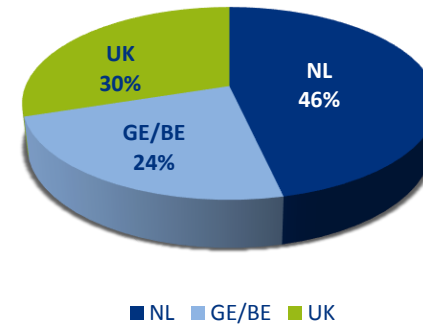
United Kingdom: -1.8% (1.4 mT)

- Discontinuation of certain (loss-making) DML activities
- Increase in ruminant sector, especially to dairy farmers
- Decline in swine sector due to, a.o., not extending contracts with low margins
- Decline in poultry sector
- Compound feed volume nearly stable

Total Feed volume per cluster



1H 2018 volume per cluster



Development percentages are presented based on actual (non-rounded) volumes in tonnes

Gross profit: LFL¹ growth in all clusters

(in €m and %)	Reported		Total difference		Currency impact		M&A ³		LFL ¹ change	
	1H18 vs. 1H17	1H18 vs. 1H17	1H18 vs. 1H17	1H18 vs. 1H17						
Gross profit	217.7	207.3	10.4	5.0%	-1.2	-0.6%	-1.2	-0.6%	12.8	6.2%

Gross profit per cluster

In all clusters:

- More specialties in product mix
- Contribution strategic partnerships
- Passing on increased energy prices

The Netherlands: + €2.9m (2.7%)

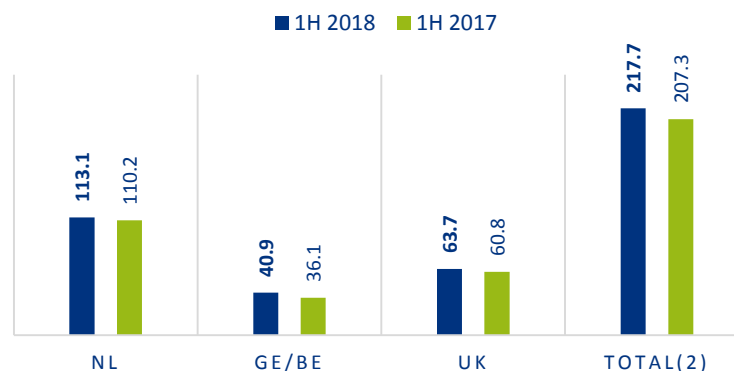
- Effect divestment arable activities

Germany/Belgium: + €4.8m (13.2%)

United Kingdom: + €2.9m (4.8%)

- At constant currencies: +7.2% including small positive acquisition effect
- Discontinuation of contracts with low margins

Gross Profit (€m)



Additions may lead to slight differences due to roundings; 1) LFL stands for like-for-like and means excluding currency impact and net effect acquisitions & divestments ; 2) Incl. Group/eliminations; 3) M&A means net effect acquisitions/divestments

Results by cluster

<i>(in €m)</i>	the Netherlands		Germany/ Belgium		United Kingdom		Group/ Eliminations		Consolidated	
	1H18	1H17	1H18	1H17	1H18	1H17	1H18	1H17	1H18	1H17
Total Feed Volume (k tonnes)	2,243	2,222	1,134	1,027	1,448	1,475	-	-	4,825	4,725
Revenue	568.0	560.0	287.7	267.8	321.6	315.7	-35.8	-32.9	1,141.6	1,110.6
Gross profit	113.1	110.2	40.9	36.1	63.7	60.8	-	0.2	217.7	207.3
Operating profit	41.0	34.3	6.6	4.7	5.5	5.5	-8.0	-5.8	45.2	38.7
EBITDA	43.9	38.0	8.3	6.6	11.5	11.0	-6.5	-4.2	57.2	51.5
Incidental items ¹	-4.5	-0.1	-	0.4	-0.4	-	-	-	-4.9	0.3
Underlying EBITDA	39.4	37.9	8.3	7.0	11.1	11.0	-6.5	-4.2	52.3	51.7
Currency translation effect	-	-	-	-	-0.2	-	-	-	-0.2	-
Underlying EBITDA at constant currency	39.4	37.9	8.3	7.0	11.3	11.0	-6.5	-4.2	52.5	51.7
EBITDA/gross profit ratio	34.8%	34.4%	20.3%	19.3%	17.4%	18.2%		-	24.0%	24.9%
ROACE²	52.9%	46.2%	22.7%	16.2%	11.1%	12.3%	-7.4%	-7.4%	26.3%	23.4%
ROACE³									20.1%	17.6%

Additions may lead to slight differences due to rounding

Notes: 1. Incidental items 1H018; mainly sale of arable activities in NL and excluding reversal impairment, small incidental gain in UK; 2. ROACE means underlying EBITDA/average capital employed on 12 months rolling average; 3) ROACE based on underlying EBIT/average capital employed on 12 months rolling average

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Horizon 2020 – Activities update

Focus on attractive segments

- Focus on growth in added value products such as young animal feeds and concentrates by specialised teams
- Continuation growth in organic feed solutions (Reudink)

Partner and deliver the Total Feed Business portfolio

- Strategic partnership with Nutreco (as of 2014) extended for 5 years
- SiloSolve now also included in Total Feed offering in Belgium
- Use of CRM for offering Total Feed and focus on sales efficiency

Acquisitions

- February: sale of (non-core) arable activities in NL
- Announcement acquisition 60% shares of Tasomix, Poland – closed as of July 2018
- Announcement acquisition Voeders Algoet, Belgium, closing pending approval competition authorities

After balance sheet date: announcement acquisition Maatman, NL (closing per 3 September 2018)

One ForFarmers: functional excellence & leverage scale

- Health & Safety: increase in number LTIs¹ requires attention
- UK business transformation: combination ruminant sales teams to one commercial organisation
- Start of construction biomass plant in Lochem, steam based on regional wood cuttings as energy supply

Note 1. LTIs means Lost Time Incident

Horizon 2020 – delivery progress

Employee development

- Appointment Arthur van Och as Supply Chain Director
- Management conference on location: senior management visit to Tasomix, Poland
- Implemented HR support system makes HR cycle more transparent and faster

Total nutrition solutions

- Apollo poultry concept launched in NL, GE, UK – for a better start of chicks and better feed efficiency
- ‘Gut stimulator+’ product introduced in NL – for better roughage uptake by dairy cows
- On-farm applications introduced for pig farmers – to measure technical results
- Agroscoop Insight – real time stable information for poultry farmers in NL

Results 1H18

- **Underlying EBITDA at constant currencies** **+1.6% to €52.5m**
- Underlying EBITDA LFL¹ +4.4%
- Profit for shareholders +14.5% to €34.8m
- Earnings per share +20.7% to €0.35

Notes 1. LFL stands for like-for-like and means excluding currency impact and net effect acquisitions & divestments

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Outlook

- Global tensions with respect to import tariffs; possible positive impact export of European pig meat
- Unusual warm and dry summer could negatively impact crop yields of some raw materials; could lead to rising raw material and feed prices; could have negative influence on liquidity of farmers
- Ruminant farmers; possible need for more compound feed given the shortage of roughage on farm

- LFL¹ volume development in NL; probably limited due to impact phosphate emissions reduction measurements in dairy sector; not yet clear what impact of announced measures for swine sector will be
- Market circumstances in UK improving; UK business transformation may impact volumes; focus on healthy price/ quality ratio as well as a sustainable return for the products and services may lead to discontinuation of low margin contracts with customers
- Impact Brexit remains unpredictable
- ForFarmers intends to construct a new feed mill (capacity c. 300kT) in Wesel, West Germany to continue to support strong growth for the mid-term in Germany; Search for appropriate acquisition targets in Germany continues
- Announced acquisitions (Tasomix, Voeders Algoet and Maatman); consolidated at closing in second half year 2018

- Reconfirmation guidance: for the medium term an on average annual underlying EBITDA growth in the mid single digits at constant currencies, excluding impact of significant acquisitions (Tasomix) and barring unforeseen circumstances

1) LFL is the movement excluding acquisitions and divestment and currency effects

Summary

Progress on all pillars
Horizon 2020 strategy

6.2% LFL¹ gross profit growth;
growth in all clusters,
especially in GE/BE

Underlying EBITDA²: +1.6%
Underlying EBITDA LFL¹ +4.4%
Net profit³: +14.5%
EPS: +20.7%

3 acquisitions announced
Added 5th country (PL)
Sold non-core activity
(incidental gain)

Healthy cash flow
generation &
Strong balance sheet

Reconfirmation
mid-term guidance⁴

Notes: 1. LFL means like-for-like, excluding currency and effect of acquisitions/divestments; 2. At constant currencies; 3. Net profit attributable to the shareholders of the Company; 4. For mid-term guidance see slide 44

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