

the *total* feed business



ForFarmers N.V. Financial Results 2018



NOTIFICATIONS AND DISCLAIMER

REPORTING STANDARDS

The results in this presentation are derived from the ForFarmers 2018 audited financial statements which 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

| | |
|------------|--|
| 13-03-2019 | Publication 2018 Annual Results and Annual Report |
| 29-03-2019 | Registration date AGM |
| 26-04-2019 | General Meeting of Shareholders |
| 30-04-2019 | Ex Dividend listing |
| 02-05-2019 | Publication Q1 2019 Trading Update; Registration date for those entitled to dividend |
| 09-05-2019 | Dividend payment |
| 15-08-2019 | Publication half-year 2019 results |
| 31-10-2019 | Publication Q3 2019 Trading Update |
| 12-03-2020 | Publication 2019 Annual Results and Annual Report |
| 24-04-2020 | General Meeting of Shareholders |

FORWARD-LOOKING STATEMENTS

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.

Agenda

Highlights

Yoram Knoop

Financial Results 2018

Horizon 2020 – Activities update

Outlook & Summary

Q & A

FINANCIAL RESULTS 2018

Highlights 2018

General developments in the sectors in Europe

- Milk prices on the Continent lower in 2018 than in 2017 – still above historical average
In the UK milk prices in 2018 on average higher than in 2017
- Dairy herd smaller (11%) and lower milk production in NL due to phosphate reduction measures
- European pig prices lower than in 2017
- Lower pig prices in Belgium in particular in 2H18 following detection African Swine Fever among wild boar
- Prices for broilers at reasonable level during Q1-Q3 2018; in Q4 prices started to decline
- Egg prices high at beginning 2018 (in wake of fipronil-affair NL) but lower during rest of year

Results ForFarmers

Total Feed volume: +4.9% to 10.0mT

- Growth through acquisitions (2.8%) and LFL¹ (2.1%)
- Ruminants: growth in all clusters despite phosphate reduction measures in NL
- Swine: growth in NL and G/ BE /PL larger than decline in UK
- Poultry: growth in all clusters, particularly in Poland due to acquisition of Tasomix

Compound feed: +4.2% to 7.0mT

- Due to acquisitions (4.1%) and LFL (0.1%)
- Growth in G/ BE /PL, stable in the UK and decline in NL

1. LFL means like-for-like

Highlights 2018 - continued

Gross profit: +5.6% to €443.4m; acquisitions (+2.3%), LFL¹ (+3.6%), forex translation (-0.3%)

Underlying² EBITDA at constant currencies: -1.0% to €100.4m; growth GE/BE/PL & UK could not compensate decline NL

Incidental gain €3.9m (on EBITDA level), mainly due to sale of arable activities in NL

Profit (to shareholders): flat at €58.6m

EPS: +3.6% to €0.58

Underlying² EPS flat at €0.58 (excl. impact of SBB³ : €0.56)

Net cash flow from operating activities €82.1m (2017: €116.3m)

Working capital + €7.1m, due to acquisitions (+€30.4m) and LFL improvement (-€23.3m)

Ratios:

Conversion ratio

Underlying EBITDA/ gross profit 22.6% (2017: 24.2%)

ROACE⁴ 23.0% (2017: 24.3%)

ROACE⁵ 16.4% (2017: 18.2%)

Solvency 50.4% (Dec-17: 52.1%)

1. LFL means Like-for-like and is the movement excluding acquisitions and divestments and currency effects; 2. 'Underlying' means excl. incidentals, see note 27 financial statement relating to Alternative Performance Measures (APMs); 3. SBB means share buy back programme; 4. ROACE means underlying EBITDA divided by 12-months average capital; 5. ROACE based on underlying EBIT divided by 12-months average capital

Agenda

Highlights

Financial Results 2018

Arnout Traas

Horizon 2020 – Activities update

Outlook & Summary

Q & A

Underlying EBITDA development

| (in €m) | 2018 | 2017 | Total % | FX ² | M&A ³ | LFL ⁴ | Comments |
|---|---------------|---------------|--------------|-----------------|------------------|------------------|---|
| Total Feed-volume (in mT) | 10.0 | 9.6 | 4.9% | | 2.8% | 2.1% | LFL growth in NL & GE/BE, decline in UK |
| <i>o/ w Compound feed</i> | 7.0 | 6.7 | 4.2% | | 4.1% | 0.1% | LFL growth in GE/BE/P & UK offset by decline NL (phosphate emission reduction measures) |
| Gross profit | 443.4 | 419.8 | 5.6% | -0.3% | 2.3% | 3.6% | All clusters higher; (volumes, contribution strategic partnerships, partly passing on of energy prices, more specialties) NL & G: lower growth due to higher inbound logistics costs |
| Depreciation, amortisation and impairment | -28.0 | -27.6 | | | | | Depreciations 2018 €21.6m (2017: €19.4m) and amortisations 2018 €6.9m (2017: €6.3m). 2018 includes incidental reversal of impairment Deventer mill (€0.6m); 2017 included €1.9m incidental loss |
| Total Operating expenses | -372.9 | -346.8 | 7.5% | -0.3% | 3.5% | 4.3% | LFL: higher energy and outbound logistics costs in all clusters Impact of acquisitions and one-off M&A costs (€2.3m) Net release provision doubtful debts €1.1m. (2017 : release €1.8m) |
| Operating profit (EBIT) incl. incidental items | 75.9 | 74.0 | 2.6% | -0.1% | -3.2% | 5.9% | |
| EBITDA | 103.9 | 101.6 | 2.3% | -0.2% | 0.6% | 1.9% | |
| Incidental items | -3.9 | -0.2 | | | | | Gain sale arable activities NL (€4.5m), and in UK (€0.4m), less pension addition UK (-€0.9m) and restructuring UK (-€0.1m) |
| Underlying⁵ EBITDA | 100.1 | 101.4 | -1.3% | -0.3% | 0.6% | -1.6% | Development underlying EBITDA per cluster: <ul style="list-style-type: none"> • NL: -5.0% to €71.5m • GE/BE/PL: +27.3% to €20.0m • UK: +10.3% tot €20.5m • Central & support expenses: -46.9% to -€12m |
| Translation-effect | 0.3 | | | | | | Pound sterling to euro |
| Underlying EBITDA at constant currencies | 100.4 | 101.4 | -1.0% | | | | |

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. Underlying means excluding incidental items

Profit development¹

| <i>(in €m)</i> | 2018 | 2017 | Comments |
|---|--------------|--------------|--|
| Operating profit (EBIT) | 75.9 | 74.0 | Incl. incidental gain €4.4m |
| Net finance costs | -4.4 | -2.4 | Incl. accrual option liability Tasomix and earn-out agreements all acquisitions |
| Share of profit of equity-accounted investees, net of tax | 2.9 | 3.9 | Decline results HaBeMa due to decline in trading volume |
| Income tax expense | -15.2 | -16.2 | |
| Profit for the period | 59.2 | 59.3 | Declined by 0.1% |
| Effective Tax Rate | 21.3% | 22.7% | Incl. one-off impact lower future tax rate NL and recognition net operating losses in GE |
| Non-controlling interests | -0.6 | -0.7 | |
| Profit attributable to owners of the company | 58.6 | 58.6 | Flat ; including €1.0m total incidental gain (2017: €1.6m incidental loss) |
| Underlying profit | 57.6 | 60.1 | |
| Underlying basic earnings per share (in €) | 0.58 | 0.58 | Flat ; excluding impact SBB ² underlying eps 2018:€0.56 |
| ROACE³ | 23.0% | 24.3% | Due to increase average capital employed on valuation of acquisitions |

1. presented percentages are calculated on the rounded amounts in €m with one decimal; 2. SBB means share buy-back programme, started 2017 ended February 2018; 3. ROACE defined as underlying EBITDA/average capital employed over 12 months rolling average, based on underlying EBIT it decreased from 18.2% in 2017 to 16.4% in 2018

Healthy capital structure

| <i>(in €m)</i> | 31-12-2018 | 31-12-2017 | Comments |
|---|------------|------------|--|
| Total Assets | 873.7 | 787.3 | Mainly due to acquisitions |
| Equity | 440.8 | 409.9 | Combination of net profit minus dividend payments and SBB ¹ , including OCI ⁴ such as re-measurement defined benefits UK and currency translation effect |
| | | | |
| Solvency ratio | 50.4% | 52.1% | Total equity/ total assets |
| Net working capital | 76.3 | 69.2 | +€7.1m; due to acquisitions (+€30.4m) and LFL improvement (-€23.3m) |
| - <i>Current assets</i> ² | 350.6 | 285.0 | Inventory & trade receivables up due to acquisitions |
| - <i>Current liabilities</i> ³ | 277.2 | 215.8 | Increase in trade payables |
| Overdue receivables | 18.7% | 14.9% | Impact acquisitions; LFL improvement |
| Net Debt / (Cash) | 17.1 | (67.1) | Incl. net cash, short & long term bank facilities /loans. Debt position up due to acquisitions & SBB |

1. SBB means share buy back programme, started 2017 and ended February 2018; 2. current assets excluding cash and cash equivalents; 3. current liabilities excluding bank overdrafts. 4. OCI stands for Other Comprehensive Income;
General remark: additions may lead to small differences due to rounding

Market and sector developments by region in 2018

General

- Warm, dry summer months leading to low river levels (NL and Germany) & spike in raw materials prices (2H18)
- Growing consumer interest in poultry products

The Netherlands

- Increasing public pressure on agricultural sector in light of climate targets
- Smaller dairy herd (-11%) & extra investments for farmers required following phosphate regulations
- Demand for non-GMO¹ feed is increasing (resulting in re-opening of Deventer mill)

Germany

- Growing interest in animal welfare and environmentally friendly measures
- Demand for non-GMO¹ feed continues to grow

Belgium

- Consumer interest in quality and provenance of food & more focus on AMR²
- African swine fever detected among wild boar, leading to pressure on pig prices

Poland

- Growing discussion regarding use of GMO soy & use of local raw materials
- Poultry sector grows faster than in other European countries

United Kingdom

- Due to cold spring and dry summer increasing demand for compound feed in ruminant sector
- Swine sector remained stable following increased demand and increased import from the Continent
- Consumer demand for poultry growing

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

Total Feed volume-development in 2018

Volume Total Feed: +4.9% (10.0mT)

- *Compound feed* +4.2% (7.0mT)

The Netherlands : + 2.9% (4.5mT)

- Smaller dairy cow herd due to phosphate measures
- Volume growth TF in all species
- Volume growth biological (organic) feed (Reudink)
- Volume compound feed declined in ruminant and swine

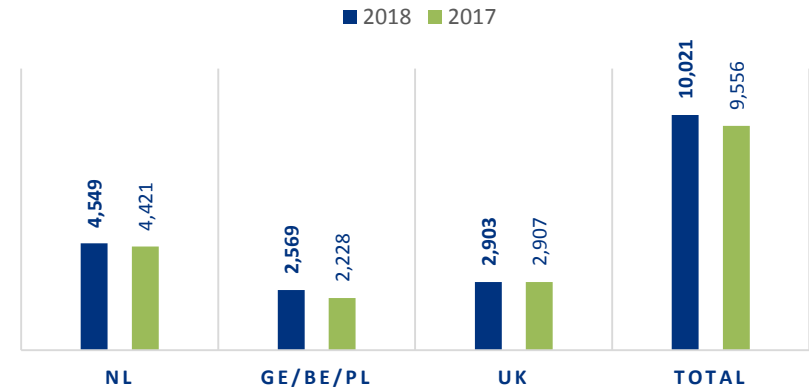
Germany/Belgium/Poland +15.3% (2.6mT)

- Volume growth TF in all sectors
- LFL growth market share in all species
- Considerable increase in poultry sector due to Tasomix acquisition
- Volume growth compound feed (in %) higher than in TF, mainly due to Tasomix and Voeders Algoet

United Kingdom: -0.1% (2.9mT)

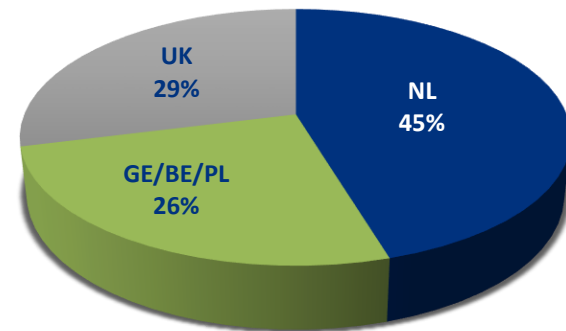
- Volume TF growth in ruminant sector, mainly to dairy farmers
- TF volume decline in swine sector on lower DML volumes due to discontinuation of some loss making activities
- Volume growth TF in poultry sector
- Volume compound feed rose more (in %) than TF

Total Feed volume per cluster¹



1) 2017 comparative data adjusted to reflect DML sales shift from NL to BE

2018 volume split 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 2018 vs. 2017 | | Total difference 2018 vs. 2017 | | Currency impact | | M&A ¹ | | LFL ³ change | |
|---------------|------------------------|-------|--------------------------------|------|-----------------|-------|------------------|------|-------------------------|------|
| | 2018 | 2017 | €m | % | €m | % | €m | % | €m | % |
| Gross profit | 443.4 | 419.8 | 23.6 | 5.6% | -1.1 | -0.3% | 9.7 | 2.3% | 15.0 | 3.6% |

Gross profit per cluster

In all clusters:

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

The Netherlands: + €1.7m (0.8%)

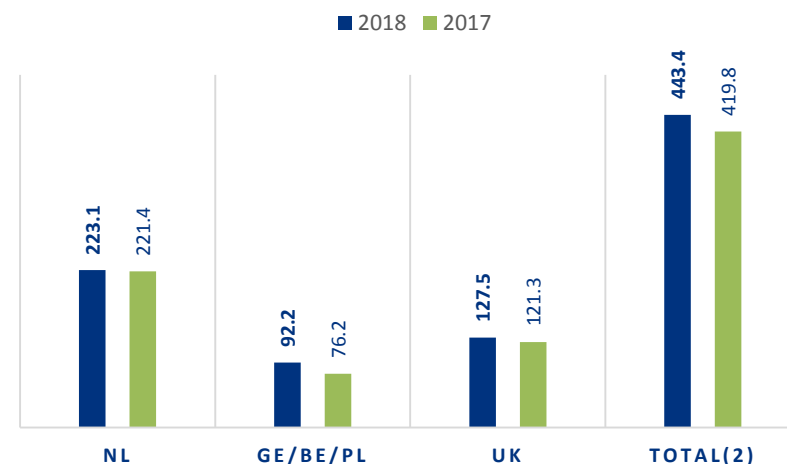
- Effect divestment arable activities
- Lower compound feed volumes (phosphate measures)
- Higher inbound logistics costs (low river levels)
- No full pass-on of spike in raw material prices

Germany/Belgium/Poland: + €15.9m (20.9%)

- Large impact acquisitions (Poland and Belgium), particularly on compound feed volume
- LFL volume growth
- No full pass-on of spike in raw material prices in Poland

United Kingdom: + €6.2m (5.1%)

- Higher growth (in %) compound feed volume than TF volume
- Successfully renewed commercial proposition to large pig farmers



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

Results by cluster

| <i>(in €m)</i> | the Netherlands | | Germany/ Belgium/Poland | | United Kingdom | | Group/ Eliminations | | Consolidated | |
|---|-----------------|-------------------|----------------------------|-------------------|----------------|--------------|---------------------|-------------|---------------|--------------|
| | 2018 | 2017 ¹ | 2018 | 2017 ¹ | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Total Feed Volume (k tonnes) | 4,549 | 4,422 | 2,569 | 2,228 | 2,903 | 2,907 | - | - | 10,021 | 9,556 |
| Revenue | 1,153 | 1,112 | 665.3 | 551.3 | 662.2 | 622.4 | -75.6 | -67.4 | 2,405 | 2,219 |
| Gross profit | 223.1 | 221.4 | 92.2 | 76.2 | 127.5 | 121.3 | 0.7 | 0.9 | 443.4 | 419.8 |
| Operating profit | 69.2 | 67.9 | 13.8 | 12.3 | 7.6 | 5.3 | -14.7 | -11.6 | 75.9 | 74.0 |
| EBITDA | 76.0 | 75.4 | 20.0 | 15.6 | 19.8 | 18.8 | -12.0 | -8.2 | 103.9 | 101.6 |
| Incidental items ² | -4.5 | -0.1 | - | 0.2 | 0.6 | -0.2 | - | - | -3.9 | -0.2 |
| Underlying EBITDA | 71.5 | 75.3 | 20.0 | 15.7 | 20.5 | 18.6 | -12.0 | -8.2 | 100.1 | 101.4 |
| Currency translation effect | - | - | - | - | 0.3 | - | - | - | 0.3 | - |
| Underlying EBITDA at constant currency | 71.5 | 75.3 | 20.0 | 15.7 | 20.8 | 18.6 | -12.0 | -8.2 | 100.4 | 101.4 |
| EBITDA/gross profit ratio | 32.1% | 34.0% | 21.7% | 20.7% | 16.1% | 15.3% | | - | 22.6% | 24.2% |
| ROACE³ | 51.0% | 49.1% | 15.6% | 18.3% | 12.6% | 10.5% | | | 23.0% | 24.3% |
| ROACE⁴ | | | | | | | | | 16.4% | 18.2% |

Additions may lead to slight differences due to rounding; 1) 2017 comparative data adjusted to reflect DML sales shift from NL to BE; 2) Incidentals 2018; sale arable activities (NL), small gain (UK), offset by pension contribution UK; 3) ROACE means underlying EBITDA/average capital employed on 12 months rolling average; 4) ROACE based on underlying EBIT

Agenda

Highlights

Financial Results 2018

Horizon 2020 – Activities update

Yoram Knoop

Outlook & Summary

Q & A

Horizon 2020 – Activities update

Focus on attractive segments

- Focus on growth in specialities
- Continuation growth in organic feed solutions (Reudink)

Partner and deliver the Total Feed Business portfolio

- Strategic partnership with Nutreco extended for 5 years
- Strategic partnership with Baks in NL regarding moist co-products
- Use of CRM for offering Total Feed and focus on sales efficiency

Acquisitions (& divestments)

- Sale of (non-core) arable activities in the Netherlands (February)
- Acquisition 60% shares of Tasomix, Poland (July)
- Acquisition Maatman, the Netherlands and Germany (September)
- Acquisition Voeders Algoet, Belgium (October)
- Acquisition Van Gorp Biologische Voeders, the Netherlands (October)

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 & announced closing of Blandford site
- Implementation of Financial Shared Service Centre on Continent (NL, BE and GE)

1. LTI's means Lost Time Incidents

Horizon 2020 – delivery progress

Employee development

- Appointment Arthur van Och as Supply Chain Director
- Retirement Jan Potijk and nomination Adrie van der Ven as of AGM 2019
- Appointment of Pieter Wolleswinkel and David Fousert as members of the Executive Committee
- Internal academies across species and functions fully operational
- Approx. 25% of ForFarmers employees shareholder of ForFarmers

Total nutrition solutions

- Apollo poultry concept launched in NL, GE, UK (starter feed concept for chickens)
- ‘Pens Stimulator+’ product introduced in NL – for better roughage uptake by dairy cows
- On-farm applications introduced for pig farmers in UK – to measure technical results
- Ultra, new concept for finishers (swine sector) developed; launched in February 2019

Results 2018

- **Underlying EBITDA at constant currencies** **-1.0% to €100.4m**
- Profit for shareholders flat at €58.6m
- Underlying earnings per share flat at €0.58 (excl. impact of SBB¹: €0.56)

1) SBB means share buy back programme

Agenda

Highlights

Financial Results 2018

Horizon 2020 – Activities update

Outlook & Summary

Yoram Knoop

Q & A

Outlook

- **Ruminant sector:**
Global outlook positive, European consumption stabilising
More focus on export of European dairy products
- **Swine sector:**
Global demand growing, EU consumption slowly declining, decreasing herd size (NL and GE),
export to China could grow due to trade negotiations & AFS¹ (in China)
- **Poultry sector:**
Growing interest from consumers,
more processing capacity becoming available in PL leading to growth potential compound feed
- Impact Brexit remains unpredictable
- Integrations acquisitions (Tasomix, Voeders Algoet, Maatman, Van Gorp Bio) ongoing
to achieve synergies
- Full focus on enhancing capacity utilisation of Pionki mill in Poland

1) AFS means African Swine Fever

Outlook (continued)

- **2019 first-half results**

Underlying EBITDA expected to show strong decline vs 1H2018 results due to current purchasing positions in combination with focus on sustaining market share

- **Efficiency plans 2019 – 2020 launched**

Total cost savings of €10m (in 2021 vs 2018); optimisation group factory footprint & other efficiency projects
Existing 2017 UK supply chain rationalisation plans incorporated (e.g. recently announced closing Blandford site)
Affects all countries excluding Poland and covers all functions
Involves reduction of 125–150 FTEs (approx. 5 to 6% of FTEs); natural attrition & redundancies
Efficiency plans will lead to incidental costs

- **Planned capex and working capital 2019**

€50m capex, on e.g systems and processes to support ongoing growth, enhanced efficiency measures and digitalisation.
Ongoing focus on further optimising working capital and leveraging strategic suppliers

- **IFRS 16**

Impact (as of 1-1-2019): expected increase of EBITDA by approx. €5.0m, no impact on EBIT
Expected net decrease of profit before tax of €0.5m
Per 1-1-2019: total assets increase approx. €25.0m

- **Proposal for new Share Buy-Back (SBB¹) programme**

Limited SBB of €30m and a SBB for employee participation programme
Start after the publication of Q1 2019 trading update, end no later than October 2020

- **Reconfirmation guidance:** for the *medium term an on average* annual underlying EBITDA growth in the mid single digits at constant currencies, excl. impact of significant acquisitions & barring unforeseen circumstances

Summary 2018

**Solid strategic progress
Strong 1H & weaker 2H,
impacted by dry summer**

**EBITDA growth in all clusters
excluding NL**

**Gross profit: +5.6%
Underlying¹ EBITDA²: - 1.0%
Net profit³: flat
Underlying EPS⁴: flat**

**3 acquisitions in existing
regions
Added 5th country (PL)
Balanced specie portfolio**

**Better LFL⁵ working capital
&
Strong balance sheet**

**Efficiency plans 2019-2020
Share buy-back proposed
of €30m**

1. Underlying means excluding incidental items; 2. At constant currencies; 3. Net profit attributable to the shareholders of the Company;
4. Excl. impact SBB 2018 underlying EPS:€0.56; 5. LFL means like-for-like

Contact

Caroline Vogelzang

Director Investor Relations & Communications

Mobile: +31 6 10 949 161

Landline: +31 573 288 194

Caroline.Vogelzang@forfarmers.eu

ForFarmers N.V.

Kwinkweerd 12

7241 CW Lochem

The Netherlands



