

the *total* feed business



ForFarmers results first half-year 2017

17 August 2017



NOTIFICATIONS AND DISCLAIMER

REPORTING STANDARDS

PUBLICATION 2017 HALF-YEAR REPORT

The 2017 half-year report (incl. condensed consolidated interim financial statements) will be available from 17 August 2017 on the ForFarmers website (www.forfarmersgroup.eu).

REPORTING STANDARDS

The results in this presentation are derived from the ForFarmers 2017 half-year 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: percentages are presented based on the rounded amounts in million euro

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

09-11-2017	Publication Q3 2017 Trading Update
13-03-2018	Publication 2017 annual results
26-04-2018	Annual General Meeting
03-05-2018	Publication Q1 2018 Trading Update
16-08-2018	Publication first half-year 2018 results

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.

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Horizon 2020 – Activities update

Outlook & Summary

Highlights

First half-year 2017

Recovery agricultural sector, particularly on the Continent

- Financial position farmers improved due to higher milk and swine prices; egg prices on Continent better than in 1H 2016, in UK still under pressure
- *Ruminant*: slight volume growth NL, impact phosphate measures limited; G/BE growth, volume decrease in United Kingdom ('UK') due to reduced herds
- *Swine*: volume increase due to Vleuten-Steijn (NL); G/BE growth; UK volume stable despite reduced herds
- *Poultry*: volume growth to broiler farmers in all clusters, particularly in G/BE; increase volume to layer farmers in NL and G/BE, UK volume stable

Growth in **Total Feed volume** (3.6%)
Higher growth compound feed (6.2%) mainly due to acquisition

Gross profit: 0.4% increase (incl. negative currency translation impact of 3.2%); like-for-like increase: +2.8%

ForFarmers performance per cluster

- NL** : 17.6% growth underlying EBITDA¹
- G/BE**: 3.8% growth underlying EBITDA
- UK**: 27.5% decrease underlying EBITDA
(including 9.5% negative currency translation)

Group

overhead: Decrease of costs realised of €1.1m

14.8% growth underlying EBITDA at constant currencies

- **Share buy-back programme**: repurchased for €23.6 million
- **Supply chain optimisation plan (UK)**: steady progress
- **Sustainability**:
MelkEfficient helps farmers reduce phosphate production
Feed2Milk forms base for new dairy range in UK
AMR² meetings organised in UK

(1) EBITDA excluding incidentals

(2) AMR = Anti Microbial Resistance

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Solid growth underlying EBITDA¹

<i>(in €m)</i>	1H 17	1H 16	Total Change	Currency	M&A ²	Like-for-Like ³	Explanation
Volume Total Feed	4,725	4,562	3.6%	-	2.6%	1.0%	Growth in NL and G/BE, decrease in UK
Gross profit	207.3	206.5	0.4%	-3.2%	0.8%	2.8%	Growth in NL and G/BE: higher volumes, better product mix & formulation; decrease in UK: fewer animals, lower-value feed
Other operating income	0.5	2.4					1H16: incl. incidental gain from land sale and Leaffield
Employee benefit expenses	-75.4	-77.0					NL and G/BE higher due to strengthening organisation, UK: lower (reorganisation effect)
Depreciation and amortisation	-12.7	-13.2					Effect of €1.1m due to extension depreciation term (mainly plants & machinery)
Other operating expenses	-81.0	-85.9					Continent: more volume related production costs, UK: savings, (net) release €1.1m provision bad debts. 1H16 incl. €1.5m for listing
Total Operating expenses	-169.1	-176.1	-4.0%	-3.4%	-0.1%	-0.5%	1H16 incl. €1.6m for reorganisation UK
Operating profit (EBIT) incl. incidental items	38.7	32.8	18.0%	-2.5%	5.2%	15.3%	
EBITDA	51.5	46.0	12.0%	-2.9%	4.3%	10.6%	
Incidental items	0.3	0.3					Centralisation back office activities. 1H16: reorganisation costs (UK) largely compensated (sale of land and Leaffield)
Underlying EBITDA	51.7	46.3	11.7%	-3.1%	4.3%	10.5%	
Translation-effect	1.4						Devaluation Pound sterling
Underlying EBITDA at constant currencies	53.1	46.3	14.8%				

General remark: percentages are presented based on amounts rounded in million euro and additions may lead to small differences due to rounding

(1) EBITDA excl. Incidental items; (2) M&A means net effect acquisitions/divestments;

(3) like-for-like is excl. currency and effect of acquisitions/divestments

Solid profit improvement

<i>(in €m)</i>	1H 2017	1H 2016	Explanation
Operating profit	38.7	32.8	
Net finance costs	-0.8	-2.0	Interest charges UK lower due to one-off payment into closed pension fund
Share of profit of equity-accounted investees, net of tax	1.8	1.5	1H16: contribution warehouse activities HaBeMa negatively impacted on lower trading volumes due to decreasing commodity prices
Income tax expense	-9.1	-7.2	
Profit for the period	30.6	25.1	Up by 21.9%
Effective Tax Rate (in %)	24.2%	23.3%	Adjustment tax rules in NL on innovation subsidies and relative share UK results were lower
Non-controlling interests	-0.2	-0.1	
Profit attributable to owners of the company	30.4	25.0	Up by 21.6%
Basic earnings per share (in €)	0.288	0.236	Basic earnings per share up 22.0% underpinned by share buy-back programme

General remark: percentages are presented based on amounts rounded in million euro

Healthy capital structure

Condensed consolidated balance

<i>(In €m)</i>	30-06-17	31-12-16
Non-current assets	336.9	333.6
Current assets		
- Cash and cash equivalents	147.7	152.9
- Other current assets	296.7	289.8
Total assets	781.3	776.3
Equity	407.8	429.0
Non-current liabilities		
- Loans and borrowings	44.7	45.6
- Other	76.6	86.2
Current liabilities		
- Bank overdrafts	66.5	45.5
- Other current liabilities ¹	185.7	170.0
Total equity and liabilities	781.3	776.3

(1) incl. current loans and borrowings

Additions may lead to small differences due to rounding

(In €m) 30-06-2017 31-12-16

Solvency ratio¹	52.2%	55.3%
ROACE²	23.6%	21.1%
Net Working capital	111.1	119.9
<i>Other current assets</i>	296.7	289.8
<i>Other current liabilities</i>	185.7	170.0
Overdue receivables	15.2%	18.6%
Net Debt / (Cash)	(36.5)	(61.5)

Equity: impact of share buy-back programme

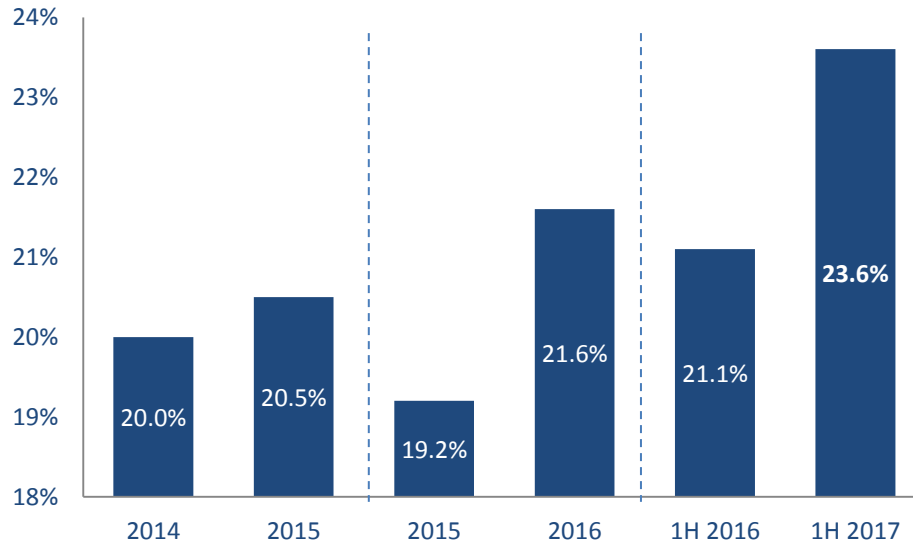
Other non current liabilities comprise a.o. pension liabilities; early January one-off payment €11.7m in closed fund UK

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

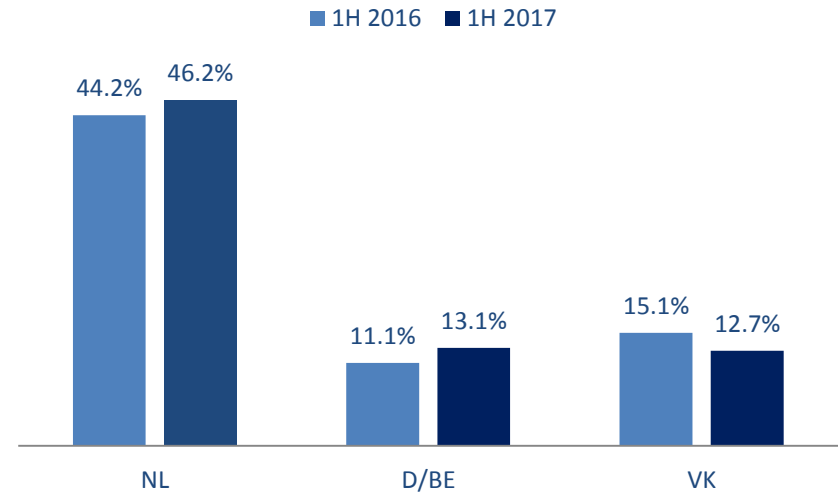
(2) ROACE means underlying EBITDA/average capital employed on 12 months rolling average

Growth Return on Average Capital Employed (ROACE)¹

Increasing return on consolidated average capital employed (ROACE)



ROACE per geographic cluster for 1H 2016 & 1H 2017



1) ROACE up to 2015: Underlying EBITDA/average capital employed (begin – end year);
as of 2016: Underlying EBITDA/average capital employed on 12 months rolling average;
 2015 adjusted to enable comparison, Reference made to Note 27 Financial Statements
 2016

- ROACE varies significantly amongst clusters:
 NL assets based on historical value, assets G/BE and UK on market
 value on moment of acquisition

Total Feed volume development

Volume Total Feed: +3.6% (4.7 mT)
 - Compound feed +6.2% (3.3 mT)

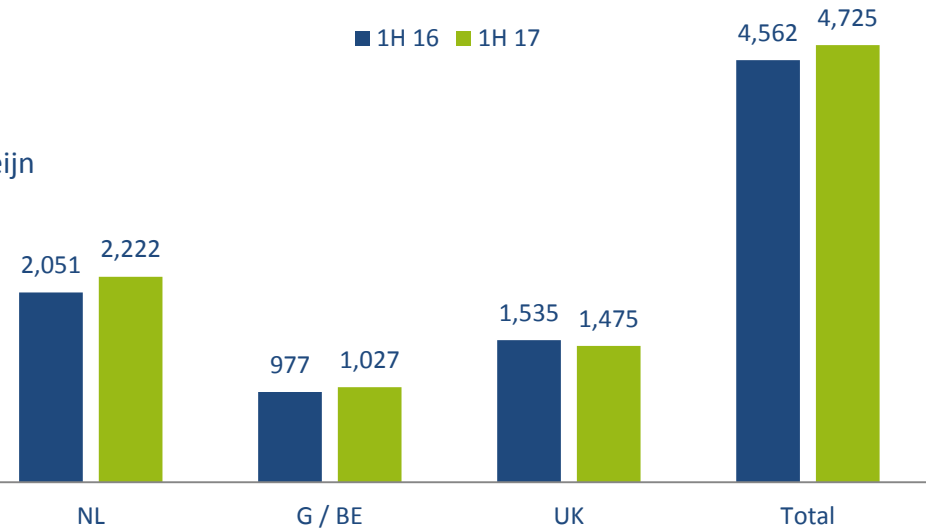
The Netherlands: + 8.4% (2.2 mT)
 - volume growth in ruminant and poultry
 - strong volume growth in swine resulting from Vleuten-Steijn acquisition (excl. VS: small decline)
 - higher increase compound feed than Total Feed
 - significantly higher volume increase organic feed (Reudink)

Germany/Belgium: +5.2% (1.0 mT)
 - significant volume growth in layers (poultry)
 - volume growth in ruminant, swine and broilers (poultry)
 - higher growth in compound feed than Total Feed

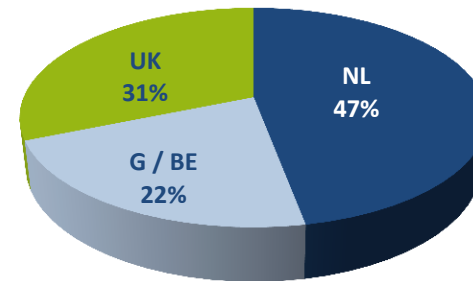
United Kingdom: -3.9% (1.5 mT)
 - impact divestments, like-for-like decline 1.8%
 - volume decrease in ruminant
 - volume to swine farmers stable
 - volume growth to poultry farmers
 - decline in volume compound feed in line with Total Feed

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

Total Feed volume development per cluster



1H 2017 Volume split per cluster



Gross profit: growth NL and G/BE larger than decrease UK

(in €m and %)	Reported		Total Difference		Currency impact		M&A ¹		Like-for-like ² movement	
	2016	2015	2016 vs 2015							
Gross profit	207.3	206.5	0.8	0.4%	-6.7	-3.2%	1.6	0.8%	5.9	2.8%

Gross profit per cluster

The Netherlands: + €11.8 million (12.0%)

- Higher volumes (like-for-like & by means of acquisitions) and growth organic feed
- More high-quality feed & better formulation (optimal use of ingredients in feed)
- Increase gross profit Reudink (organic) and Pavo (horse feed)
- Vleuten-Steijn acquisition per 1.10.2016

Germany / Belgium: + €1.6 million (4.8%)

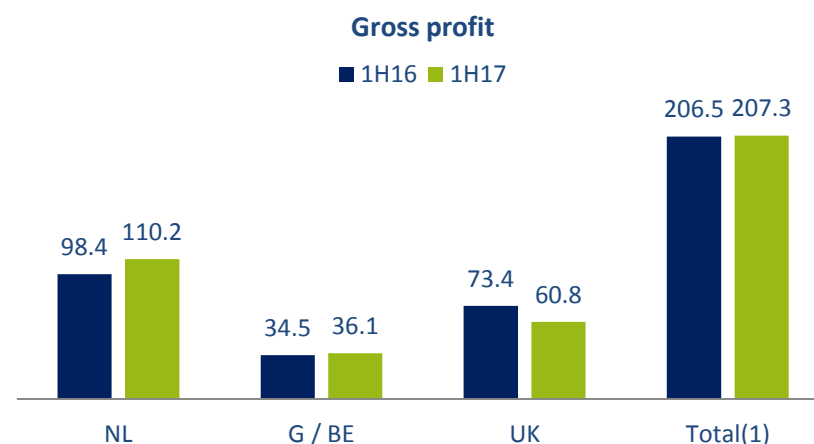
- Higher volumes (direct and through attracted new dealers)
- Better product mix and further improvement formulation

United Kingdom - €12.6 million (-17.2%)

- Negative currency translation effect of €6.7 million
- Lower volumes on cattle and swine herds (number of animals have not yet recovered) re number of animals
- Divestment effect non-core activities Wheyfeed and Leaffield
- Cattle farmers continued to buy lower value feed
- Margin pressure in swine sector due to ongoing consolidation

Additions may lead to slight differences due to roundings; (1) M&A means net effect acquisitions/divestments;

(2) Like-for-like means excluding currency impact and net effect acquisitions & divestments



(1) Incl. Group/eliminations (0.2) for both 1H16 and 1H17

Results per cluster

<i>(in €m)</i>	The Netherlands		Germany/Belgium		United Kingdom		Group/Eliminations		Consolidated	
	1H-2017	1H-2016	1H-2017	1H-2016	1H-2017	1H-2016	1H-2017	1H-2016	1H-2017	1H-2016
Total Feed Volume (k tonnes)	2,222	2,051	1,027	977	1,475	1,535	-	-	4,725	4,562
Revenue	560.0	501.6	267.8	261.4	315.7	339.1	-32.9	-31.6	1,110.6	1,070.5
Gross profit	110.2	98.4	36.1	34.5	60.8	73.4	0.2	0.2	207.3	206.5
Operating profit	34.3	28.9 ¹	4.7	4.8	5.5	8.4	-5.8	-9.3	38.7	32.8
EBITDA	38.0	33.1¹	6.6	6.7	11.0	14.0	-4.2	-7.9	51.5	46.0
Incidental items	-0.1	-0.9	0.4	-	-	1.2	-	-	0.3	0.3
Underlying EBITDA	37.9	32.2¹	7.0	6.7	11.0	15.2	-4.2	-7.9	51.7	46.3
Currency translation effect	-	-	-	-	1.4	-	-	-	1.4	-
Underlying EBITDA at constant currency	37.9	32.2 ¹	7.0	6.7	12.4	15.2	-4.2	-7.9	53.1	46.3
EBITDA/gross profit ratio	34.4%	32.8%	19.3%	19.5%	18.2%	20.7%	-	-	24.9%	22.4%

Additions may lead to slight differences due to rounding

(1) Operating expenses in 2016 have been adjusted for comparative purpose, due to refinement of overhead costs allocation on cluster level

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Horizon 2020 – Activities update

Focus on attractive segments

- CRM system operational in all clusters, transition of sales approach initiated
- Strong growth in organic (ecological) feed solutions (Reudink)

Partner and deliver the Total Feed Business portfolio

- Total Feed Support implementation in NL on course
- Portfolio optimisation and harmonisation projects on track in all species
- Strategic partnership with Chr. Hansen on silage additives successful in NL

Horizon 2020 – Activities update

Acquisitions

- Vleuten-Steijn (October 2016): positive contribution to swine sector in NL and G
- Small dealer (Wilde Agriculture, May 2017) in UK (with which business was already done)

One ForFarmers: functional excellence & leverage scale

- Health & Safety: continuous focus leads to improvement of awareness
- New purchasing department (across countries by commodity categories/buyers): project initiated 'do more with less suppliers'
- Opening new central office Bury St Edmunds (UK) May 2017
- Steady progress supply chain optimisation plans (UK)
- Completion new plant Exeter (UK) Q4 2017, slightly later than planned

Horizon 2020 – Deliverables update

Employee development

- Employee survey confirms high engagement and progress on identified issues; still work to do
- Management XL meeting: 250 senior staff, update & implementation Horizon 2020
- Poultry Academy started
- ‘Farming for non-farmers’ employee training initiated
- Approximately 25% of total staff shareholder ForFarmers

Total nutrition solutions

- Total Feed approach helps dairy farmers in NL deal with phosphate challenges
- Vleuten-Steijn swine feed approach integral part of ForFarmers portfolio
- Feed2Milk also introduced in UK, first findings by customers very positive

Results 1H 2017

- | | |
|---|---------------------|
| • Underlying EBITDA at constant currencies: | +14.8% to €53.1m |
| • Underlying EBITDA/gross profit: | 24.9% (1H16: 22.4%) |
| • Earnings per share: | +22.0% to €0.288 |

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Outlook 2017

- Geopolitical developments: in 2H 2017 also of influence on ForFarmers' markets
- Volatility in raw material prices and on currency markets difficult to predict
- Devaluation Pound sterling affects consolidated results

- Demand for dairy products: continued steady growth
- Swine prices have started limited decline from historically high levels:
 - increase international competition for European export market
 - growth Chinese swine production
- Increasing demand for poultry

- 2H 2017 expected to show lower percentage growth underlying EBITDA than solid increase in 1H 2017:
 - Vleuten-Steijn: contribution of one quarter instead of two (acquisition date October 2016)
 - 2H 2017 impact phosphate measures (per 1-03-2017) in NL likely larger than in 1H 2017, but on annual basis likely lower than earlier pronounced 5% negative impact on NL dairy volumes
 - Uncertainty UK farmers over Brexit, size of cattle and swine herds not yet recovered; our recovery in UK taking longer than planned
 - Fipronil case poultry (NL): volume in NL and B expected to be impacted; at this moment expectation is marginal volume impact on group level

- Reconfirmation guidance: for the medium term an on average annual underlying EBITDA growth in the mid single digits at constant currencies, barring unforeseen circumstances

- Confirmation full use of authorised amount (€60 million) share buy-back programme

Summary

Improvement result on contribution from all pillars
Horizon 2020 strategy

Healthy like-for-like gross profit growth (2.8%)
Growth in NL and G/BE larger than decrease in UK

Underlying EBITDA (at constant currencies): +14.8%
Profit: 21.6%
EPS: 22.0%

Steady progress supply chain optimisation plans in UK

For 2H 2017 less strong % increase underlying EBITDA than in 1H 2017 expected due to a.o challenging situation UK

Reconfirmation guidance: on average annual underlying EBITDA growth in mid single digits at constant currencies

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