

ForFarmers 2020 Results



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Yoram Knoop

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Highlights 2020

Satisfactory 2020 results in challenging markets

- Underlying EBITDA: +8.7% at €96.2m
(at constant currencies: +9.3%)

- Strong operating cash flow €98.1m

Covid-19

Animal diseases
(African Swine Fever & Avian Influenza)

Continued smooth delivery of feed to farmers

Challenging year for customers due to closure out-of-home segment & export limitations

Implementation efficiency plans 2019 – 2020 successfully completed

Cost savings due to Covid, i.e. less travel & more use of digital tools (working from home)

Launch of Build to Grow 2025 strategy
Tightened sustainability agenda
Going Circular For the Future of Farming
Next step efficiency plans

Announced take-over De Hoop Mengvoeders (NL)



Market developments per country in 2020

General

Covid-19: closure out-of-home segments impacts volumes and prices of farmers' products

EU policy for agricultural sector to reduce environmental impact (EU Green Deal)

Increasing focus on innovation in sector

Animal diseases (ASF¹ & AI²)

The Netherlands

€5 bn (total to 2030) for nature recovery & reduction nitrogen emissions (which may be achieved through innovation)

Warm restructuring pig sector: smaller reduction pig herd than originally expected

AI detected in October; hygiene measures imposed

Belgium

ASF free as of Q4 2020:
export ban on pig meat to non-EU countries lifted

Cattle farmers especially impacted by Covid-19

Germany

Animal welfare regulation enhanced leading to fewer broilers/m² over time

ASF detected among wild boar in East Germany, leading to export bans to non-EU countries

Poland

Broiler sector impacted by AI, leading to temporary export ban to non-EU countries; putting pressure on prices

Covid-19: big impact on sales of poultry farmers & processors, both local and international

United Kingdom

Good weather conditions forage for dairy farmers

Pig sector: prices fairly stable due to continued demand from China

Poultry sector suffered from Covid (i.e. catering turkeys for Christmas, other seasonal poultry)

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Underlying EBITDA development

<i>(in €m)</i>	2020	2019	Total %	<i>Fx</i>	<i>M&A</i>	<i>LFL¹</i>	<i>Comments</i>
Total Feed volume (in mT)	9.7	10.1	-3.5%			-3.5%	Virtually stable in GE/PL; decline in NL/BE and UK
<i>Of which: Compound Feed</i>	6.8	7.1	-3.9%			-3.9%	Smaller decline in H2 than in H1
Gross profit	433.2	440.7	-1.7%	-0.5%	0.1%	-1.3%	Product mix with more specialties but overall lower volumes, margin pressure in PL
<i>Underlying operating expenses²</i>	-372.6	-385.7	-3.4%	-0.5%	0.1%	-3.0%	Lower volumes and full year effect of implemented efficiency plans
Underlying EBIT ²	61.6	55.7	10.6%	-0.5%	0.2%	10.9%	
Underlying depreciation and amortisation	-34.6	-32.8					Extra investments in line with Build to Grow programmes
Underlying EBITDA	96.2	88.5	8.7%	-0.6%	0.1%	9.2%	Compared to weak 2019; due to a.o strong cost control
Translation-effect	0.5	-					
Underlying EBITDA at constant currencies	96.7	88.5	9.3%				



Presented percentages have been calculated on the rounded amounts in million euro with one decimal and additions may lead to small differences due to rounding; 1) LFL stands for Like-For-Like; and means the change excluding currency impact and acquisitions and divestments; 2) 2019 number has been adjusted according to new APM definition for comparative reasons

Profit development

<i>(in €m)</i>	2020	2019	Comments
Underlying EBIT	61.6	55.7	Due to decline in underlying operating expenses
Underlying Net Finance result	-2.6	-2.7	
Share of profit of equity-accounted investees	4.1	2.8	More transshipment activities (HaBeMa) and better margins
Underlying Income tax expenses	-16.4	-13.2	Following changes in the assumed tax position and tax rates in UK and NL
Non-controlling interests	-0.5	-0.3	
Underlying profit	46.3	42.1	Underlying profit
Incidental items	-32.1	-24.4	Incl. impairment of goodwill Poland (2020) and UK (2019)
Profit (attributable to owners of the company)	14.2	17.7	
Non-controlling interests	0.5	0.3	Non-controlling interests
Profit for the period	14.7	18.0	Profit for the period



Profit ratios and distribution

	2020	2019	Comments
Underlying profit (in €m)	46.3	42.1	
Underlying earnings per share (in €)	0.49	0.43	Based on 99.0 million ordinary shares (weighted average)
Dividend per share (in €)	0.29	0.28	Based on 95.2 million ordinary shares outstanding; 2019 DPS comprised regular DPS €0.19 and special DSP €0.09
Underlying effective tax rate	27.7%	25.1%	Following changes in the assumed tax position and tax rates in UK and NL
Underlying EBITDA/Gross Profit	22.2%	20.1%	
ROACE¹	19.4%	16.2%	



General remark: additions may lead to small differences due to roundings;
 1. ROACE defined as underlying EBITDA/average capital employed over 12 months rolling average;
 based on underlying EBIT it increased from 10.2% (2019) to 12.4% (2020)

Healthy capital structure

<i>(in €m)</i>	31-12-2020	31-12-2019	Comments
Total Assets	816.7	865.5	A.o. due to goodwill impairment activities in Poland
Equity	362.5	418.4	Due to addition of profit (€14.7m) minus dividend distribution (-€27.2m) minus SBB ¹ (-€14.4m) and remeasurement pension UK due to lower interest (-€20.1m) and currency translation (-€8.1m)
Solvency ratio	44.4%	48.3%	
Net working capital	33.4	48.7	WC improved mainly in UK
- Current assets ²	319.1	328.6	
- Current liabilities ³	285.7	279.9	
Ratio overdue receivables	12.5%	16.1%	Further significant progress despite challenging markets
Net Debt / (Cash)	-15.8	7.0	

General remark: additions may lead to small differences due to rounding

1. SBB means share buy back programme (started in 2019 and finished in 2020);

2. current assets excluding cash and cash equivalents;

3. current liabilities excluding bank overdrafts and lease liabilities.



Cash flow development

<i>(in €m)</i>	2020	2019	Comments
Net cash flow from operating activities	98.1	96.1	Mainly due to better results over the period
Net cash flow from investing activities	-28.8	-35.0	Mainly regular capex, plus gain on sales of assets (2 mills), higher dividends from equity accounted investees, partially offset by earn-out liabilities
Net cash flow from financing activities	-47.5	-85.0	In 2020 no repayment of loans given the acquisition liability De Hoop to be paid
Net increase/decrease in cash and cash equivalents	21.8	-23.8	
Cash and cash equivalents (1 January)	15.4	38.4	
Currency translation effect	0.9	0.7	
Cash and cash equivalents (31 December)	38.0	15.4	



Alternative Performance Measures¹ (incidental items)

<i>(in €m) adjustments on different levels</i>	Impairments		Business combinations and divestments		Restructuring		Other		Total APM items	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
On EBITDA ^A	-	-	5.2	2.0	-1.2	-5.1	-	-0.3	4.1	-3.3
On EBIT ^B	-34.2	-30.7	-2.1	-5.4	-1.2	-5.1	-	-0.3	-37.4	-41.5
On Net financing result ^C	-	-	4.5	13.4	-	-	-	-	4.5	13.4
On Tax	-	1.3	0.7	1.2	0.3	1.0	-0.2	0.1	0.8	3.7
On Profit to shareholders	-34.2	-29.4	3.2	9.2	-0.9	-4.1	-0.2	-0.1	-32.1	-24.4

Comment

General:
change in APM definition as of 2020 to include amortisation of acquired intangible assets

2020: goodwill impairment Poland (€34.2m);
2019: goodwill impairment UK (€25.6m); closure mills (NL + UK) due to efficiency-programme & ceasing construction of mill DE (€5.1m) (B)

2020: gain on sale mills (A); balance on gain sale assets & impairment acquired intangible assets(B); remeasurement put-option Tasomix (C)
2019: gain on sale real estate in NL (A+B), accrual put option liability and contingent (gain) earn-outs (C)

2020: various projects related to efficiency programme (A+B)
2019: closing mills and effect efficiency programme (A+B)

1. Underlying performance measures are alternative performance measures that are not defined by IFRS. For further information see Note 17 of the financial statement 2020; (A,B,C): reference note in the comment section;
General remark: additions may lead to small differences due to rounding



Results the Netherlands/Belgium

(in €m)	2020	2019	Comments
Total Feed volume (in kT)	5,086	5,223	Effect Covid-19 mainly on cattle farmers & poultry farmers (closure out-of-home sector); Stoppers arrangement pig farmers NL; Export ban pigs in Belgium till Q4; now ASF free
Revenue	1,237	1,275	
Gross profit	246.9	240.5	Lower volumes and compared to weak 2019
Underlying operating expenses	-186.4	-187.4	Staffing costs stable (fewer FTEs & wage indexation); Lower volume related costs; Higher overhead allocation
Underlying EBITDA	72.6	64.4	
Underlying EBIT	61.4	53.5	
Underlying EBITDA/Gross profit	29.4%	26.8%	
ROACE (on underlying EBITDA)	39.3%	34.9%	



Presented figures are calculated on the rounded amounts in € million with one decimal and additions may lead to small differences due to roundings;

Results Germany/Poland

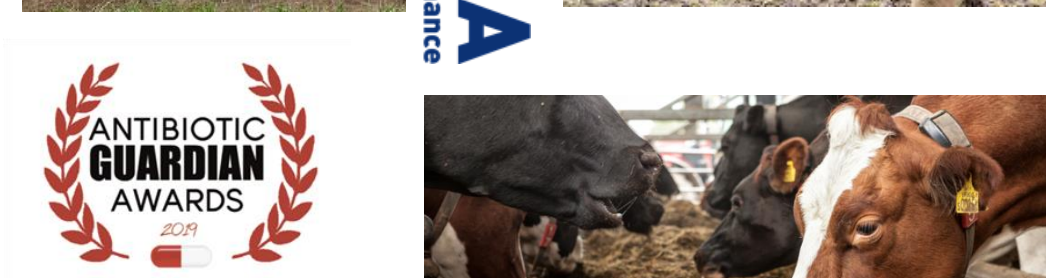
(in €m)	2020	2019	Comments
Total Feed volume (in kT)	2,176	2,194	Poultry sector in PL particularly impacted by Covid -19 measures and AI ¹ ; Higher sales in ruminants and pig sector
Revenue	562.8	582.5	
Gross profit	74.8	76.4	Margins in PL under pressure due to overcapacity in market on back of Covid-19 measures; better margins in GE
Underlying operating expenses	-69.6	-68.7	Fewer FTEs in GE, higher overhead allocation
Underlying EBITDA	12.2	14.3	
Underlying EBIT	5.3	7.8	
Underlying EBITDA/Gross profit	16.4%	18.7%	
ROACE (on underlying EBITDA)	7.3%	8.0%	



1) AI means Avian Influenza

Results United Kingdom

(in €m)	2020	2019	Comments
Total Feed volume (in kT)	2,478	2,679	Volumes in dairy sector impacted by early spring (good forage) and lower milk prices; Large customer in pig sector had fewer animals
Revenue	589.2	642.7	
Gross profit	110.8	122.9	Volume decline and Covid-19 impact in poultry sector (a.o turkeys)
Underlying operating expenses	-104.9	-114.6	Lower volume related costs, fewer FTEs due to closure of mills and additional cost saving measures; higher overhead allocation
Underlying EBITDA	18.2	20.6	
Underlying EBIT	5.9	8.4	
Underlying EBITDA/Gross profit	16.4%	16.7%	
ROACE (on underlying EBITDA)	14.0%	12.3%	



Summary financial results 2020

Total Feed volume
-3.5% at 9.7m Tonnes
(H1: -5.6%; H2: -1.4%)

Compound Feed
-3.9% at 6.8m Tonnes



Gross profit -1.7%
at €433.2m



Underlying EBITDA
+8.7% at €96.2m
versus weak 2019,
mainly due to
efficiency plans



Underlying net profit
+10.0% at €46.3m



CF operating activities: €98.1m
(+2.1%)

Strong balance sheet; net cash



DPS: €0.29

60% pay-out

(2019: Regular
€0.19 + €0.09)



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Market Leader in 7 Countries



Strategic update 2020

Sustainability

Launched 'Going Circular For the Future of Farming'

Added additional objectives

Framework:

- Feed Resources
- Feed Production
- Feed Solutions

Project: mill in Lochem carbon neutral, on track

Ambition

Engagement survey
Lead to Grow training

Partnership

Entered into new logistical partnership with AB Texel

Operational Excellence

Business Process Optimisation
PMO office started to facilitate project execution

Next Level Innovation

E.g. EggXchange (layers NL); investments in differentiating processing technology in NL

Customer Excellence

E-business enhanced; roll-out plan on track
OTIF¹ maintained at high levels during Covid

M&A

De Hoop Mengvoeders (poultry, NL) - closed Q1 2021
Mühdorfer Pferdefutter (horsefeed, Germany), closed Q1 2021



Sustainability progress examples 2020

- First time reporting scope 3 GHG emissions (raw materials used in diets; accounting for over 90% of carbon footprint)
- Solar panels installed; Lochem estimated gain around 800,000kWh p/a
- Biomass installation in Lochem (NL), using local waste wood; enables saving of approx. 1.7 million cubic metres of natural gas p/a
- Transitioning from coal use in PL (in Biskupice and Pionki) to use of natural gas (and generated electricity)



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Outlook & Guidance



De Hoop Mengvoeders (NL)

- Founded in 1906 in the Netherlands
- Fully focused on poultry sector, predominantly in NL, also in BE and GE
- Acquired 1 February 2021 by ForFarmers
 - to become leading poultry feed company as ForFarmers-De Hoop
- Hyper modern mill in Zelhem (NL) with 320kT capacity
- Acquisition price: fixed €23m & variable at max €17m by 2023 based on mutual objectives multiple within historic range ForFarmers (5-8 x ebitda)
- Integration plan on track to be completed by end 2021

Outlook per sector¹



Ruminants

- European and global outlook positive
- European dairy- and meat consumption stabilising; consumption worldwide continues to increase
- Nitrogen discussion in NL can limit growth in sector



Swine

- Somewhat decreasing demand from China due to rebuild of their pig herd after ASF² impact
- European consumption slowly declining
- Number of pigs likely to grow in UK (Brexit effect), but decreasing in NL ('warmer sanering') and GE
- ASF detected in East Germany



Poultry

- Consumption poultry products continues to grow
- EU exports benefit from valorising specific cuts (to Asia for example)
- Solid & quick recovery expected once Covid-19 measures are lifted
- AI³ in some European countries limiting export possibilities short term

Outlook ForFarmers

Financial Objectives Build to Grow 2025

- Underlying EBITDA in 2025 of €125m-€135m²; through organic growth + acquisitions
- Annual like-for-like growth underlying EBITDA: 0%-3% as of 2020
- Cost reduction of at least €10m (by 2025 versus normalised¹ level 2020)
- M&A: consolidate in existing markets & expand to growth countries to become active in 7

Intended Capex 2021

- Capex stable at around €35m in 2021

Efficiency programme 2021 – 2022

- 2021-2022: plans for saving the first €7m
- Systems and process optimisation

1) Normalised means net of one time Covid-19 effects;
2) At constant currencies



Ambition 2025: our integrated objectives



Developing talent

for the Future of Farming

- LTI frequency rate < 0.5
- More diversity in management positions
- Increase employee engagement score



Sharing knowledge

for the Future of Farming

- Y-o-Y better FCR
- Bespoke solutions for specific chains
- Leading edge digital tools



Going Circular

for the Future of Farming

- Leadership position reduction CO₂ emissions of feed materials (upstream)
- 10% energy/fuel reduction per tonne feed (vs 2020)
- Take leadership position on % non-human edible feed material in diets
- 100% responsibly sourced soya and palm oil



Creating Value

for the Future of Farming

- Underlying EBITDA 2025 (incl. M&A) €125m-€135m; L-f-L growth 0%-3% p.a. (excl. M&A)
- M&A: consolidate in existing markets & expand to growth countries to become active in 7
- At least €10m savings in operating costs by 2025 (vs. 2020)
- Dividend distribution 40%-60% of underlying net profit

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Core parameters 2020 compared to 2019 (H1, H2 and FY)

<i>(in millions euro (unless stated otherwise))</i>		2020	2019	Total Δ in %	Currency	M&A	Like-for-Like
Total Feed (x 1,000 tonnes)	H1	4,793	5,079	-5.6%	-	-	-5.6%
	H2	4,947	5,017	-1.4%	-	-	-1.4%
	FY	9,740	10,095	-3.5%	-	-	-3.5%
Compound feed (x 1,000 tonnes)	H1	3,380	3,561	-5.1%	-	-	-5.1%
	H2	3,425	3,522	-2.8%	-	-	-2.8%
	FY	6,805	7,083	-3.9%	-	-	-3.9%
Gross profit	H1	219.5	214.1	2.5%	-0.1%	0.2%	2.4%
	H2	213.7	226.6	-5.7%	-0.9%	-	-4.8%
	FY	433.2	440.7	-1.7%	-0.5%	0.1%	-1.3%
Underlying operating expenses	H1	-188.9	-194.7	-3.0%	-	0.1%	-3.1%
	H2	-183.7	-191.0	-3.8%	-0.9%	-	-2.9%
	FY	-372.6	-385.7	-3.4%	-0.5%	0.1%	-3.0%
Underlying EBITDA¹	H1	48.2	35.8	34.6%	-0.3%	0.3%	34.6%
	H2	48.0	52.7	-9.1%	-0.8%	-	-8.3%
	FY	96.2	88.5	8.7%	-0.6%	0.1%	9.2%



Results per cluster

<i>(in €m)</i>	Netherlands/Belgium		Germany/Poland		United Kingdom		Group/ Eliminations		Consolidated	
	2020	2019 ¹	2020	2019 ¹	2020	2019 ¹	2020	2019	2020	2019 ¹
Total Feed Volume (k tonnes)	5,086	5,223	2,176	2,194	2,478	2,679	-	-	9,740	10,095
Revenue	1,237	1,275	562.8	582.5	589.2	642.7	-37.5	-37.6	2,352	2,463
Gross profit	246.9	240.5	74.8	76.4	110.8	122.9	0.7	0.9	433.2	440.7
Underlying operating expenses	-186.4	-187.4	-69.6	-68.7	-104.9	-114.6	-11.6	-15.0	-372.6	-385.7
Underlying EBIT	61.4	53.5	5.3	7.8	5.9	8.4	-10.9	-14.1	61.6	55.7
Underlying depreciation and amortisation	-11.2	-10.8	-6.9	-6.5	-12.3	-12.2	-4.2	-3.3	-34.6	-32.9
Underlying EBITDA	72.6	64.4	12.2	14.3	18.2	20.6	-6.8	-10.7	96.2	88.5
Ratios										
Underlying EBITDA/Gross profit	29.4%	26.8%	16.4%	18.7%	16.4%	16.7%			22.2%	20.1%
ROACE ²	39.3%	34.9%	7.3%	8.0%	14.0%	12.3%			19.4%	16.2%
ROACE ³									12.4%	10.2%

Additions may lead to slight differences due to rounding; 1) 2019 comparative data adjusted for new APMs; 2) ROACE means underlying EBITDA/average capital employed on 12 months rolling average; 3) ROACE based on underlying EBIT



Sustainability KPIs 2020

Theme	Material, focus area	KPI	Performance ¹
Feed resources	Responsible & transparent sourcing feed ingredients	% responsibly sourced palm oil and soy bean meal	+
		% suppliers having signed SEDEX	+
	Limiting CO ₂ emissions (1)	CO ₂ emissions of feed materials (scope 3 – upstream)	New
	Use of ingredients not suitable for human consumption	% feed materials not suitable for human consumption	New
Feed production	Reducing GHG emissions	Scope 1 & 2 GHG emissions	=
		% Renewable energy	New
		Energy /fuel per tonne	New
Feed solutions	Leadership position in % phosphate efficiency	Phosphate efficiency rate on-farm (NL)	=
	Leadership position in % nitrogen efficiency	Nitrogen efficiency rate on-farm (NL)	New
People & society	Ensure safe and good working conditions	Reduce number of LTIs (LTI Frequency rate)	+
	Ensure feed safety	Total number of incidents whereby feed regulations and voluntary codes were not complied with	+



1. Explanation: (+) the results improved, (+/-): results remained stable, (-): results deteriorated versus last year

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**BUILD
— TO —
GROW
2025**



