

ForFarmers 1H 2021 Results



Notifications and disclaimer

Reporting standards

The results in this presentation are derived from the ForFarmers interim 2021 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 traded 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

02-11-2021	Q3 2021 Trading update
24-02-2022	2021 Annual Results and 2021 Annual Report
14-04-2022	General Meeting of Shareholders
05-05-2022	Q1 2022 Trading update
11-08-2022	Publication 2022 half-year results
01-11-2022	Q3 2022 Trading update

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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Yoram Knoop

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Highlights 1H 2021

Acquisitions could not offset like-for-like developments, incl. impact of prolonged Covid, nitrogen situation NL and contract pricing incident DE

- Underlying EBITDA: -15.4% at €40.8m

Prolonged Covid measures leading to some volume, but mainly margin pressure due to spike in raw materials and energy prices

Animal diseases
(African Swine Fever & Avian Influenza)

Continued smooth delivery of feed to farmers

Customers in liquidity squeeze:
dairy, meat and egg prices not yet fully recovered whilst feed prices increase due to rising raw material prices

Acquisition of De Hoop Mengvoeders (mainly broiler feed, NL) and Mühldorfer Pferdefutter (horse feed, DE)

Integration according to plan and results better than anticipated in business plan

Implementation efficiency plans 2021-2022 on track

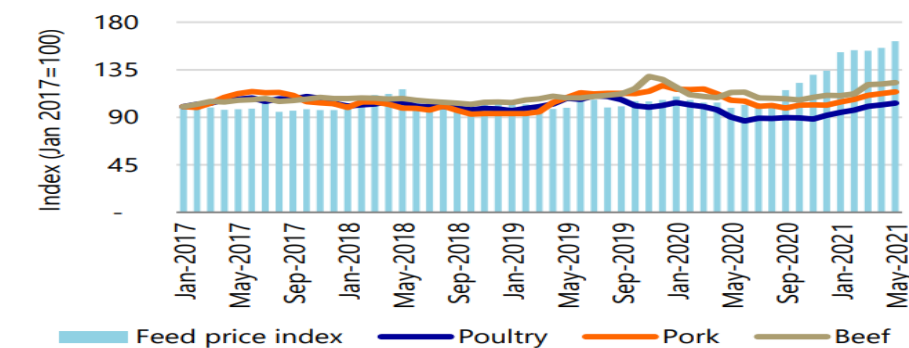
Continued efforts in Innovation throughout the feed chain to provide solution for nitrogen situation NL

Changes in Executive Board and Executive Committee



Market developments per country in 1H 2021

Figure 1: Global broiler, beef, and pork prices vs. feed cost monitor, 2017-2021



Source: Bloomberg, Food and Agriculture Organization of the United Nations, national statistics, Rabobank 2021

The Netherlands

General elections create greater uncertainty as to future for farmers (Nitrogen debate)

Pig herd smaller due to 'warm restructuring'

AI detected; hygiene measures imposed

More and more welfare concept broilers to retailers ('better life plus')

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

Slaughter capacity pigs temporarily impacted due to Covid-infected employees

Animal welfare regulation enhanced
(fewer broilers/m2 over time)

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

Poland

Poultry farmers cautiously filling barns again due to reduction of frozen stock broiler meat combined with lifting of Covid measures

AI, leading to temporary export ban to non-EU countries

United Kingdom

Brexit effective as of 1 January 2021

New agricultural policy focusing on sustainability targets a.o.

Export of pigs to China fell

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Underlying EBITDA development

(in €m)	1H 2021	1H 2020	Total %	Fx	M&A	LFL ¹	Comments
Total Feed volume (in mT)	4.9	4.8	1.9%	-	2.4%	-0.5%	Acquisition effect in cluster NL/BE ; LFL growth poultry UK and cluster DE/PL, but decline in NL/BE and pigs and ruminants in UK
<i>Of which: Compound Feed</i>	3.5	3.4	2.2%	-	3.3%	-1.1%	Acquisition effect; LFL growth in DE/PL; LFL decline in NL/BE and UK
Gross profit	217.5	219.5	-0.9%	0.1%	4.4%	-5.4%	LFL volume decline; Covid induced increased competition; high raw material prices not fully passed on to customers
<i>Underlying operating expenses²</i>	-195.3	-188.9	3.6%	0.1%	3.4%	0.1%	Increase due to acquisitions and higher energy prices, compensated by volume related decline (LFL) and lower number FTEs (LFL)
Underlying EBIT ²	22.4	31.2	-28.2%	-0.1%	10.6%	-38.7%	Lower gross profit and higher operating expenses
Underlying depreciation and amortisation	-18.4	-17.1	7.6%	-			Extra investments in line with Build to Grow 2025 programmes
Underlying EBITDA	40.8	48.2	-15.4%	-	8.5%	-23.9%	LFL underlying EBITDA decline in all clusters
Translation-effect	-						
Underlying EBITDA at constant currencies	40.8	48.2					



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) 2020 number has been adjusted according to new APM definition for comparative reasons

Profit development

<i>(in €m)</i>	1H 2021	1H 2020	Comments
Underlying EBIT¹	22.4	31.2	Lower gross profit and higher operating expenses
Underlying Net Finance result	-1.3	-1.6	Lower outstanding debt
Share of profit of equity-accounted investees	2.3	2.7	Fewer transshipment activities (HaBeMa)
Underlying Income tax expenses	-5.5	-7.7	
Non-controlling interests	-	-0.2	
Underlying profit	17.9	24.4	
Incidental items ¹	-7.5	-5.1	Incl. implementation efficiency plans and gains on sales of two mills
Profit (attributable to owners of the company)	10.4	19.3	
Non-controlling interests	-	0.2	
Profit for the period	10.4	19.5	

General remark: additions may lead to small differences due to roundings;
 1) 2020 number has been adjusted according to new APM definition for comparative reasons



Profit ratios

	1H 2021	1H 2020	Comments
Underlying profit (in €m)	17.9	24.4	
Underlying earnings per share (in €)	0.17	0.25	The impact of the share buy back programme (finished in August 2020) was negligible
Underlying effective tax rate	26.1%	25.9%	
Underlying EBITDA/Gross Profit	18.8%	22.0%	
ROACE¹	18.5%	19.3%	

General remark: additions may lead to small differences due to roundings;
1. ROACE defined as underlying EBITDA/average capital employed over 12 month rolling average;
based on underlying EBIT it decreased from 12.8% (1H 20) to 11.0% (1H 21)



Capital structure

<i>(in €m)</i>	30-06-2021	31-12-2020	Comments
Total Assets	872.1	816.7	A.o. due to acquisitions
Equity	358.7	362.5	Due to addition of profit (€10.4m) minus dividend distribution (-€28.0m) plus OCI (€13.9m) comprising mainly remeasurement pension UK due to higher interest (€12.2m) and currency translation (€3.9m) minus tax effect of OCI items
Solvency ratio	41.1%	44.4%	
Net working capital	53.3	33.4	Mainly effect acquisitions and higher receivables positions in DE and BE, plus seasonal effect in NL/BE (fertilizer and seed sales in 1H); y-o-y improvement WC by €23.2m
- Current assets ¹	367.1	319.1	
- Current liabilities ²	313.8	285.7	
Ratio overdue receivables	13.6%	12.5%	Challenging market circumstances (Covid in combination with rising feed prices due to rising raw material prices)
Net Debt / (Cash)	42.4	-15.8	Balance of lower operating CF (€9.1m) minus investing activities (€36.5m) and dividend pay out (€26.8m)

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

1. current assets excluding cash and cash equivalents;

2. current liabilities excluding bank overdrafts and lease liabilities.



Cash flow development

<i>(in €m)</i>	1H 2021	1H 2020	Comments
Net cash flow from operating activities	9.1	14.2	Mainly due to lower results over the period
Net cash flow from investing activities	-36.5	-17.2	Mainly due to the acquisitions and higher regular capex investments, partly offset by gain on sales of assets (2 mills)
Net cash flow from financing activities	2.0	-12.4	1H 20: share buy-back programme
Net increase/decrease in cash and cash equivalents	-25.4	-15.3	
Cash and cash equivalents (1 January)	38.0	15.4	
Currency translation effect	0.3	1.3	
Cash and cash equivalents (30 June)	12.9	1.4	

Alternative Performance Measures¹ (incidental items)

<i>(in €m) adjustments on different levels</i>	Impairments		Business combinations and divestments		Restructuring		Other		Total APM items	
	1H-2021	1H-2020	1H-2021	1H-2020 ²	1H-2021	1H-2020 ²	1H-2021	1H-2020	1H-2021	1H-2020 ²
On EBITDA ^A	-	-	2.5	-0.2	-2.2	-0.6	-3.0	-	-2.7	-0.8
On EBIT ^B	-0.6	-	-1.7	-3.9	-2.2	-0.6	-3.0	-	-7.4	-4.5
On Net financing result ^C	-	-	-1.3	-1.6	-	-	-	-	-1.3	-1.6
On Tax ^D	0.1	-	0.5	0.9	0.5	0.1	-	-	1.2	1.0
On Profit to shareholders	-0.4	-	-2.4	-4.6	-1.6	-0.5	-3.0	-	-7.5	-5.1

Comment

1H-21: impairment of assets no longer in use

1H-21: gain on sale of mill in UK and BE (A); balance of (A) and amortisation acquired intangible assets; accrual put option liability (C);
1H-20: accrual put option liability (€1.6m) (C) and settlement earn-outs (€0.2m) (A+B)

1H-21: Implementation efficiency programme (A+B);
1H-20: implementation efficiency programme (A+B);

1H-21: additions to provisions for a.o. (legal) claims against ForFarmers



1. Underlying performance measures are alternative performance measures that are not defined by IFRS. For further information see Note 12 of the interim statement 2021; (A,B,C,D): reference note in the comment section;
2) 2020 numbers have been adjusted according to new APM definition for comparative reasons;
General remark: additions may lead to small differences due to rounding

Results the Netherlands/Belgium

(in €m)	1H 2021	1H 2020	Comments
Total Feed volume (in kT)	2,560	2,516	Effect acquisitions De Hoop Mengvoeders + Mülhdorfer Pferdefutter; LFL decline in all sectors due to Covid and warm restructuring pig sector NL; growth Reudink
Revenue	705.3	615.5	Higher volumes and higher raw material prices
Gross profit	128.1	123.3	Acquisition effect ; better product mix (more specialties including Pavo)
Underlying operating expenses	-99.7	-94.5	Acquisition effect; personnel expenses stable (FTE decline offset by acquisition effect); lower overhead allocation
Underlying EBITDA	34.7	34.8	
Underlying EBIT ¹	28.4	29.3	
Underlying EBITDA/Gross profit	27.1%	28.2%	
ROACE (on underlying EBITDA)	37.3%	39.1%	



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Results Germany/Poland

(in €m)	1H 2021	1H 2020	Comments
Total Feed volume (in kT)	1,092	1,057	Growth in all sectors; more DML volume in DE (due to high RM prices); gradual recovery poultry market PL; incident of unfavourably priced contracts in DE
Revenue	306.6	278.2	Higher RM prices
Gross profit	34.0	38.4	Mainly due to contract incident in DE
Underlying operating expenses	-35.7	-34.9	Despite decrease in FTEs; production costs up due to higher volumes
Underlying EBITDA	1.9	6.9	Results in Poland could not sufficiently compensate impact DE incident (approx. €4m as indicated in Q1)
Underlying EBIT ¹	-1.4	3.5	
Underlying EBITDA/Gross profit	5.6%	18.0%	
ROACE (on underlying EBITDA)	4.7%	8.7%	



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Results United Kingdom

(in €m)	1H 2021	1H 2020	Comments
Total Feed volume (in kT)	1,233	1,220	Decline volume in dairy sector (high RM prices) and in pig sector (loss of large customer) more than compensated by growth volumes in poultry sector
Revenue	321.4	294.8	Higher RM prices
Gross profit	55.2	57.5	Lower compound feed volumes and margin pressure due to increased competition, mainly in ruminant sector
Underlying operating expenses	-53.3	-54.1	Fewer FTEs due to implementation efficiency programme; production costs up on higher energy prices; higher overhead allocation
Underlying EBITDA	8.4	9.6	Lower gross profit could not be compensated by lower operating expenses
Underlying EBIT ¹	1.9	3.5	
Underlying EBITDA/Gross profit	15.2%	16.7%	
ROACE (on underlying EBITDA)	14.1%	14.3%	



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Thursday 27th May
7pm - 8pm



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Summary financial results 1H 2020

Total Feed volume

+1.9% at 4.9m Tonnes

Compound Feed
+2.2% at 3.5m Tonnes



Gross profit

-0.9% at €217.5m



Underlying EBITDA

-15.4% at €40.8m
mainly due to
margin pressure



Underlying net profit

-26.6% at €17.9m



Operating CF

-35.9% at €9.1m



WC improvement:
(y-o-y) by €23.2m
to €53.3m

Net debt: €42.4m



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Strategic update 1H 2021

Sustainability

- Roll-out activities strategy 'Going Circular For the Future of Farming'
- Stakeholder Dialogue Survey
- Dairy initiative NL: lower carbon-footprint on farm
- Internal Sustainability Ambassadors Network: e.g. project Biodiversity Lochem

Ambition

Employee engagement survey
Lead to Grow program

Partnership

Entered into new partnerships; e.g regarding warehousing & delivery bagged goods in NL

Operational Excellence

Foot print, BPO and general efficiency measures
PMO office: project execution started and facilitated

Next Level Innovation

Investments in differentiating projects on verge of being launched

Customer Excellence

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

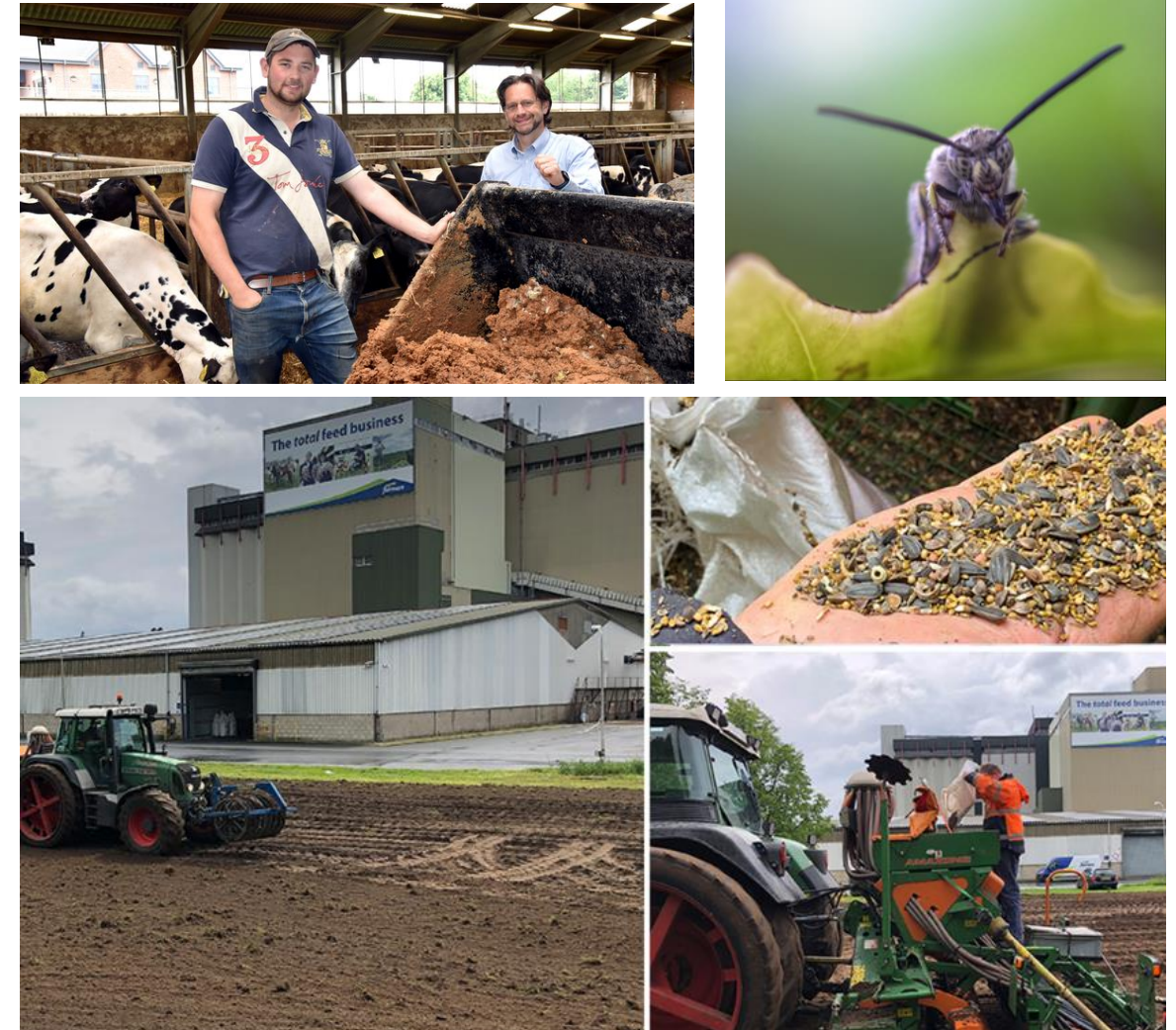
M&A

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



Sustainability examples 1H 2021

- Partnership ForFarmers UK and Sedamyl to increase DML offerings (SelcoPlus, SedaGold, Wheatfeed)
- Progress EU-project regarding use of insects as alternative protein source (SUSINCHAIN)
- EU commission to lift ban on use of processed animal protein (PAPs – meat and bone meal) as alternative protein ingredient in feed
- Biodiversity project in Lochem, suggested by internal sustainability ambassadors
- Increase internal knowledge exchange through webinars, i.e. ‘What about soy?’



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Outlook per sector¹



Ruminants

- European and global outlook positive
- European dairy- and meat consumption stabilising; consumption worldwide continues to increase
- Innovation in agri sector can solve nitrogen debate (NL) but needs governmental support, which is still lacking



Swine

- European consumption of pig meat slowly declining
- Number of pigs likely to grow in UK (Brexit effect), but decreasing in NL ('warmer sanering') and DE
- ASF² detected in East Germany
- Lower imports by China expected in 2H 2021



Poultry

- Consumption poultry products continues to grow
- Increasing demand for welfare concepts (fewer animals, higher quality and margin)
- AI³ in some European countries limiting export possibilities short term

Financial objectives & 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

- Cost saving of €7 million

Outlook 2021

- Underlying EBITDA 2H 2021 (incl. acquisitions) expected to be more or less in line with underlying EBITDA 2H 2020
- ForFarmers remains positive vs realising 2025 objectives

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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— TO —
GROW
2025**



