

# ForFarmers

First half-year 2022 Results



# Notifications and disclaimer

## Reporting standards

The results in this presentation are derived from the ForFarmers interim 2022 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

01-11-2022	Q3 2022 Trading update
23-02-2023	2022 Annual Results and 2022 Annual Report
13-04-2023	General Meeting of Shareholders
04-05-2023	Q1 2023 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.



# Results

## 1H 2022



# Agenda

Highlights 1H 2022 &  
market developments

- Chris Deen

Financial Results 1H 2022

- Roeland Tjebbes

Recent developments & Outlook

- Chris Deen

Questions



**“The first half-year 2022 was again challenging,  
due to the dreadful Russian invasion in Ukraine  
and the nitrogen debate in the Netherlands”**

**“Our sector has always proven to  
be innovative and result oriented”**

***# For the Future of Farming***



# Highlights

## 1H 2022

### 1H 2022

Dreadful war in **Ukraine**: accessibility of raw materials and gas in jeopardy, leading to **spikes** in raw material and energy costs

**Prices for milk, eggs and meat** up, but pig farmers (in NL, BE, DE) still not able to cover costs

Higher raw material, energy and fuel costs could only be **largely passed on in Q2 2022**

Main explanation for swing in results from fall in underlying EBITDA in Q1 to rise in Q2

### Total Feed Volumes fell by -7.9%

- weak performance in pig sector (NL, UK and DE) whilst poultry strong in PL and ruminant NL stable

**Gross Profit (absolute) up (+18.3%)**, more than absolute rise in operating costs

**Underlying EBITDA: up 5.6%**

Big pressure on agricultural sector to reduce emissions and impact on environment, climate and nature, particularly in NL (nitrogen debate)

ForFarmers sees solutions through **innovation and partnership** – not just culling of herds

### Progress sustainability KPIs Going Circular

- GHG emissions down for production, stable for logistics
- LTIs<sup>1</sup> down to 9 from 19 (y-o-y)
- Feed Safety Incidents up to 2 from 1

### Chris Deen (CEO) and Pieter Wolleswinkel (COO) appointed to the Executive Board

July 1: **joint venture ForFarmers UK and 2Agriculture** announced

Outcome **review strategy** to be disclosed in Q4 2022



# Developments in markets

## in 1H 2022



### The Netherlands

- Nitrogen debate
- Further shrinking of pig herd
- AI<sup>2</sup> outbreaks lead to forced culling of chickens
- Increasing demand for welfare concepts broilers ('better life plus')
- Use of PAPs in poultry feed now occurring

### Belgium

- Plans to buy out farmers to reduce nitrogen emissions – in line with NL
- Reudink (cluster NL/BE) : participated in obtaining EU derogation to use 5% conventional protein sources – due to sourcing challenges (Ukraine)

### Germany

- ASF<sup>1</sup> detected in East and recently also West Germany
- Pig farmers quitting due to low profitability
- Robotic milking in dairy sector growing
- Use of PAPs in poultry feed now occurring

### Poland

- Major impact of war in Ukraine, in terms of refugees and the impact of Ukraine not being able to export poultry products
- Growing demand for poultry products

### United Kingdom

- New agricultural policy focusing on sustainability targets a.o
- Labour shortage (i.e. drivers and in abattoirs) due to Brexit and Covid
- Layer farmers squeezed between high feed prices and retail prices in aftermath of Covid

# Agenda

Highlights 1H 2022 &  
market developments

- Chris Deen

Financial Results 1H 2022

- Roeland Tjebbes

Recent developments & Outlook

- Chris Deen

Questions



# Underlying EBITDA development

<i>(in €m)</i>	1H 2022	1H 2021	Total %	<i>Fx</i>	<i>M&amp;A</i>	<i>LFL<sup>1</sup></i>	<i>Comments</i>
<b>Total Feed volume (in mT)</b>	<b>4.5</b>	<b>4.9</b>	<b>-7.4%</b>	-	0.4%	-7.8%	Down in all clusters
<i>Of which: Compound Feed</i>	3.2	3.5	-7.9%	-	0.6%	-8.4%	Mainly decline in pig sector (NL and UK), whilst poultry in PL grew, ruminants in NL fairly stable
<b>Gross profit</b>	<b>257.3</b>	<b>217.5</b>	<b>18.3%</b>	0.7%	0.3%	17.3%	In Q2 higher raw material and energy prices could be largely passed on in the chain
<i>Underlying operating expenses</i>	-233.4	-195.3	19.5%	0.5%	0.3%	18.7%	Predominantly higher energy and fuel prices, higher personnel costs due to indexation despite lower number ftes, and additional provision bad debts (€2.4m)
Underlying EBIT	24.1	22.4	7.6%	0.1%	0.4%	7.0%	Higher gross profit sufficient to cover higher operating expenses
Underlying depreciation and amortisation	-19.0	-18.4	3.3%	0.9%	0.0%	2.4%	
<b>Underlying EBITDA</b>	<b>43.1</b>	<b>40.8</b>	<b>5.6%</b>	<b>0.5%</b>	<b>0.2%</b>	<b>4.9%</b>	LFL decline in NL/BE and UK, but growth in DE/PL



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.

# Profit development

<i>(in €m)</i>	1H 2022	1H 2021	<i>Comments</i>
<b>Underlying EBIT</b>	<b>24.1</b>	<b>22.4</b>	Higher gross profit sufficient to cover higher operating expenses
Underlying Net Finance result	-2.2	-1.3	Higher interest charges due to higher debt position on increased working capital, dividend distribution and SBB programme
Share of profit of equity-accounted investees	1.9	2.3	Fewer transshipment activities (HaBeMa)
Underlying Income tax expenses	-6.7	-5.5	Mainly higher effective tax rate, mainly in UK due to impact adjustments prior years
Non-controlling interests	0.0	0.0	
<b>Underlying profit</b>	<b>17.1</b>	<b>17.9</b>	
Incidental items	-6.0	-7.5	Incl. amortisation of acquired intangible assets and annual accrual of put-option liability Tasomix
<b>Profit (attributable to owners of the company)</b>	<b>11.1</b>	<b>10.4</b>	
Non-controlling interests	0.0	0.0	
<b>Profit for the period</b>	<b>11.0</b>	<b>10.4</b>	



# Profit ratios

	1H 2022	1H 2021	Comments
<b>Underlying profit (in €m)</b>	<b>17.1</b>	<b>17.9</b>	
Underlying earnings per share (in €)	0.19	0.19	Lower net profit in combination with fewer shares (Impact SBB <sup>2</sup> )
Underlying effective tax rate	30.8%	26.1%	Mainly due to higher ETR UK (adjustments prior years )
Underlying EBITDA/Gross Profit	16.8%	18.8%	
<b>ROACE<sup>1</sup> (EBITDA)</b>	<b>16.2%</b>	<b>18.5%</b>	
<b>ROACE (EBIT)</b>	<b>8.5%</b>	<b>11.0%</b>	

General remark: additions may lead to small differences due to roundings;  
 1. ROACE defined as underlying EBITDA(EBIT)/average capital employed over 12 month rolling average  
 2. SBB means share buy-back programme



# Capital structure

<i>(in €m)</i>	30-06-2022	31-12-2021	<i>Comments</i>
<b>Total Assets</b>	1,001.7	943.4	Higher due to higher working capital as a result of the increased raw material prices
<b>Equity</b>	348.8	366.3	Due to addition of profit (€11.0m) minus dividend distribution (-€26.3m) and SBB (-€15.5m) plus OCI (€13.3m) comprising mainly remeasurement due to higher interest pension UK
<b>Solvency ratio</b>	34.8%	38.8%	
<b>Net working capital</b>	<b>75.0</b>	<b>37.5</b>	Effect higher inventory and higher receivables positions, mainly due to higher raw material prices
- Current assets <sup>1</sup>	502.3	407.4	
- Current liabilities <sup>2</sup>	427.3	369.9	
<b>Ratio overdue receivables</b>	10.6%	11.6%	Better overdue ratio despite challenging market circumstances
<b>Net Debt / (Cash)</b>	95.1	28.7	Higher due to higher WC, dividend distribution, SBB, and investments



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 2022	1H 2021	<i>Comments</i>
<b>Net cash flow from operating activities</b>	<b>-8.8</b>	<b>9.1</b>	Due to higher WC following the spike in raw material prices and higher trade and other receivables
Net cash flow from investing activities	-13.4	-36.5	No acquisitions, whereas in 2021 De Hoop and Mühldorfer Pferdefutter were acquired
Net cash flow from financing activities	-33.6	2.0	Due to the use of the credit facility to fund SBB and WC
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-55.8</b>	<b>-25.4</b>	
Cash and cash equivalents (1 January)	33.8	38.0	
Currency translation effect	1.4	0.3	
<b>Cash and cash equivalents (30 June)</b>	<b>-20.7</b>	<b>12.9</b>	



# Alternative Performance Measures<sup>1</sup> (incidental items)

<i>(in €m) adjustments on different levels</i>	Impairments		Business combinations and divestments		Restructuring		Other		Total APM items	
	1H-2022	1H-2021	1H-2022	1H-2021	1H-2022	1H-2021	1H-2022	1H-2021	1H-2022	1H-2021
On EBITDA <sup>A</sup>	-	-	0.1	2.5	-0.7	-2.2	-	-3.0	-0.8	-2.7
On EBIT <sup>B</sup>	-	-0.5	-4.2	-1.7	-0.7	-2.2	-	-3.0	-5.0	-7.4
On Net financing result <sup>C</sup>	-	-	-2.2	-1.3	-	-	-	-	-2.2	-1.3
On Tax <sup>D</sup>	-	0.1	1.0	0.5	0.2	0.5	-	-	1.1	1.2
On Profit to shareholders	-	-0.4	-5.5	-2.4	-0.6	-1.6	-	-3.0	-6.0	-7.5

## Comments

**1H-21:** impairment of assets no longer in use (B)

**1H-22:** amortisation previously acquired intangible assets (B); accrual put option liability (C)  
**1H-21:** gain on sale of mill in UK and BE and land (NL)(A); balance of (A) and amortisation acquired intangible assets; accrual put option liability (C)

**1H-22:** Implementation efficiency programme (A+B)  
**1H-21:** 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 financial statements 2022; (A,B,C,D): reference note in the comment section;  
 General remark: additions may lead to small differences due to rounding

# Results

## The Netherlands/Belgium

(in €m)	1H 2022	1H 2021	Comments
<b>Total Feed Volume (k tonnes)</b>	<b>2,344</b>	<b>2,560</b>	<b>Dairy:</b> less milk production, slightly lower volumes; <b>Pig</b> herd and slight customer loss; <b>Poultry:</b> impact welfare concepts and avian influenza <b>Reudink</b> and <b>PAVO</b> volumes rose
Revenue	846.5	705.3	Higher input prices largely passed on in chain, mainly in Q2
<b>Gross profit</b>	<b>144.6</b>	<b>128.1</b>	
Underlying operating expenses	-120.8	-99.8	Mainly higher energy and fuel costs
Underlying EBIT	23.9	28.4	
Underlying depreciation and amortisation	6.2	6.3	
<b>Underlying EBITDA</b>	<b>30.1</b>	<b>34.7</b>	
<b>Ratios</b>			
Underlying EBITDA/Gross profit	<b>20.8%</b>	<b>27.1%</b>	
ROACE <sup>1</sup> (EBITDA)	<b>27.2%</b>	<b>37.3%</b>	
ROACE (EBIT)	<b>21.1%</b>	<b>31.1%</b>	



agroscoop®



# Results

## Germany/Poland

(in €m)	1H 2022	1H 2021	Comments
<b>Total Feed Volume (k tonnes)</b>	<b>1,004</b>	<b>1,092</b>	<b>Dairy:</b> down in DE under pressure due to shrinking herd; Many <b>Pig</b> farmers quitting in DE due to financial stress, whereas NOVA and ULTRA feeds in PL succesful; Strong rise <b>Poultry</b> in PL due to more demand and slight stock piling
Revenue	397.5	306.6	Higher input prices largely passed on in chain, mainly in Q2
Gross profit	48.6	34.0	
Underlying operating expenses	-40.9	-35.6	Mainly higher energy and fuel costs
Underlying EBIT	7.7	-1.4	
Underlying depreciation and amortisation	3.3	3.3	
<b>Underlying EBITDA</b>	<b>11.0</b>	<b>1.9</b>	
<b>Ratios</b>			
Underlying EBITDA/Gross profit	<b>22.6%</b>	<b>5.6%</b>	
ROACE <sup>1</sup> (EBITDA)	<b>12.1%</b>	<b>4.7%</b>	
ROACE (EBIT)	<b>7.7%</b>	<b>0.3%</b>	



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

# Results

## United Kingdom

(in €m)	1H 2022	1H 2021	Comments
<b>Total Feed Volume (k tonnes)</b>	<b>1,177</b>	<b>1,233</b>	<b>Ruminant:</b> down, difficulties in passing on higher input costs led to some customer loss; <b>Pigs:</b> down, impact of discontinuation large customer contract in 1H 21 <b>Poultry:</b> down, small growth broilers and decline in layers
Revenue	378.1	321.5	Higher input prices largely passed on in chain, mainly in Q2
Gross profit	<b>63.8</b>	<b>55.2</b>	
Underlying operating expenses	-63.4	-53.3	Mainly higher energy and fuel costs
Underlying EBIT	0.5	1.9	
Underlying depreciation and amortisation	7.2	6.5	
<b>Underlying EBITDA</b>	<b>7.7</b>	<b>8.4</b>	
<b>Ratios</b>			
Underlying EBITDA/Gross profit	<b>12.1%</b>	<b>15.2%</b>	
ROACE <sup>1</sup> (EBITDA)	<b>11.7%</b>	<b>14.1%</b>	
ROACE (EBIT)	<b>0.6%</b>	<b>3.5%</b>	



**Are you getting the most out of your robots?**

Our experts will be discussing:

- The key drivers in profitability
- How to increase robot efficiency
- The true value of managing & utilising data

Thursday 27th May  
7pm - 8pm



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

# Agenda

Highlights 1H 2022 &  
market developments

- Chris Deen

Financial Results 1H 2022

- Roeland Tjebbes

Recent developments & Outlook

- Chris Deen

Questions



# Recent developments & Outlook



**2Agriculture**<sup>®</sup>

Quality | Consistency | Performance

&

*for*  
**farmers**  
the *total* feed business

***Creating a strong combination,  
ready to face changing market requirements***



*for*  
**farmers**  
the *total* feed business

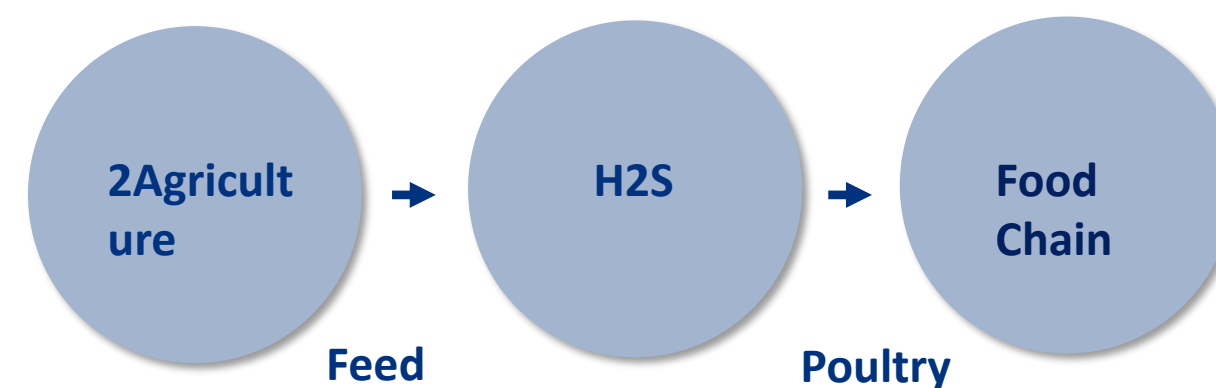
# Introduction: joint venture ForFarmers UK and 2Agriculture

- 2Agriculture's **expertise in poultry** sector and ForFarmers UK's complementary **expertise in ruminant and pig sector**
- Joint venture meets each of the partner's strategic objectives:
  - > ForFarmers UK: stronger position in promising poultry sector and opportunities to make organisation more efficient
  - > 2Agriculture: exposure to other species and shared investment opportunities across a larger volume leading to scale advantages
- **Joint venture will have :**
  - > Expected combined production capacity: > 3 mln tonnes compound feed per year
  - > Well-balanced and robust portfolio across species
  - > Good geographical coverage
  - > Expertise and strength in innovation and feed concepts to meet changing demands from entire value chain
  - > Ability to invest in expansion supply chain to improve transparency around origin and quality of food
- Joint venture is **pending approval of UK Competition and Markets Authority**
- The two companies will continue to operate separately until such approval has been received and the agreement has closed



# Who is 2Agriculture?

- Feed supplier to poultry industry for over 50 years
- Aims to be the UK's most efficient producer of consistent, high-quality feed and to support farming partners achieve best cost production
- Extensive experience in producing consistent, high quality poultry feed supporting British poultry farming
- Feed range includes broiler, broiler breeder, layer, duck and turkey feed
- 2Agriculture supplies feed to poultry farmers mostly into the integrated market, but also to independent customers.



# Who is 2Agriculture

- 5 mills (Scotland, East Anglia and North Wales)
- Including one dedicated mill in East Anglia for Turkey feed
- Extrusion plant in Cambridgeshire
- Together, these mills produce some 1.2 million tonnes feed
- Total number of employees: 250
- Fleet of over 50 vehicles



**2Agriculture**  
Quality | Consistency | Performance

**for  
farmers**  
the total feed business

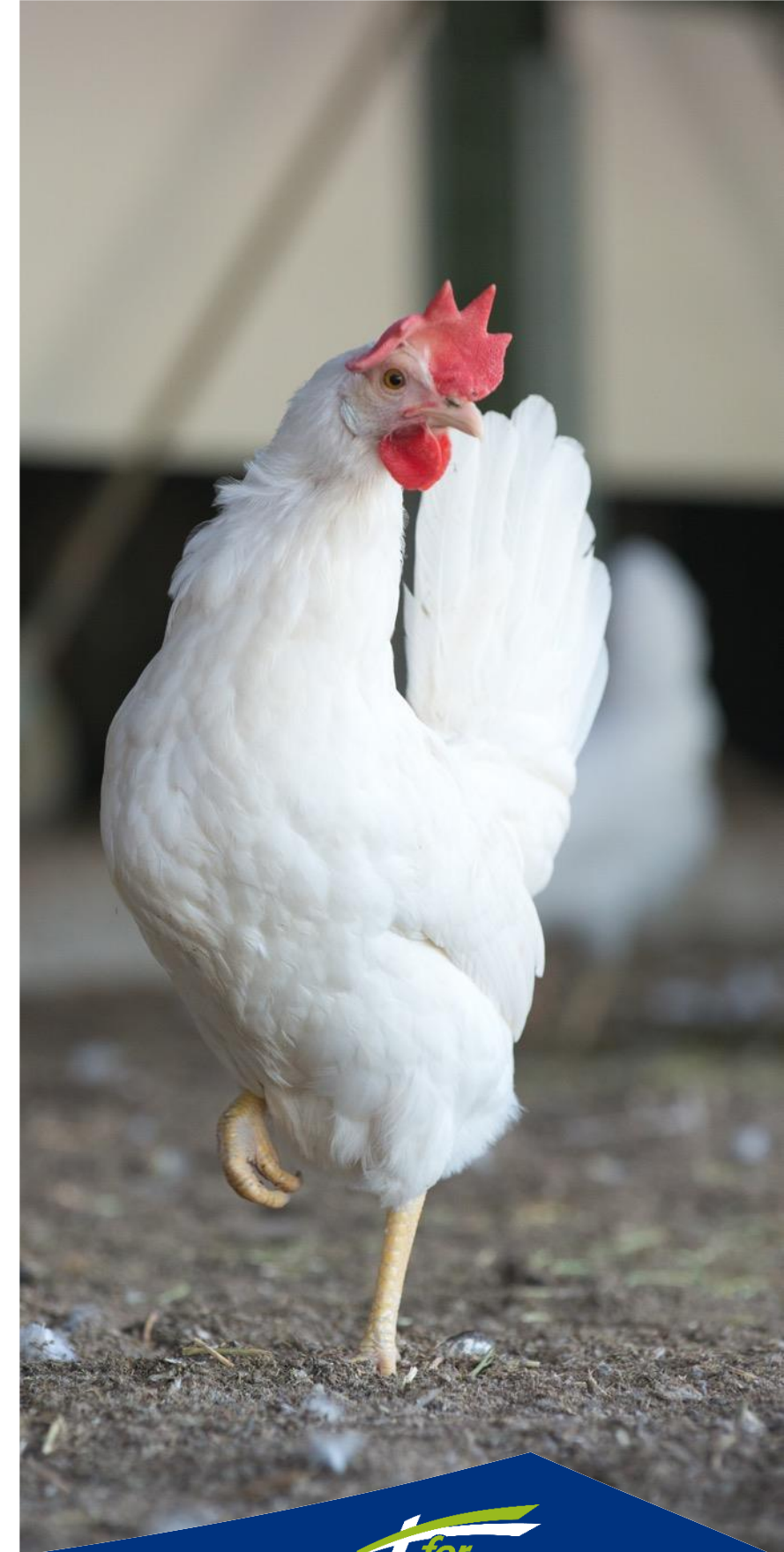


# General market outlook

- Raw material and energy prices expected to remain volatile and relatively high, as well as wage and transport costs
- War in Ukraine to cause uncertainty about macroeconomy, consumer confidence and disposable income
- Pressure on sector to become more sustainable, such as the nitrogen debate in NL, leads to challenges but also offers opportunities
- Drought leading to extremely low water levels in NL

## Consequently:

*In view of these uncertainties,  
ForFarmers refrains from issuing guidance on results in second half-year of 2022*



# Agenda

Highlights 1H 2022 &  
market developments

- Chris Deen

Financial Results 1H 2022

- Roeland Tjebbes

Recent developments & Outlook

- Chris Deen

Questions



# Contact

## Caroline Vogelzang

Director Investor Relations

M. +31 6 10 949 161

[Caroline.Vogelzang@forfarmers.eu](mailto:Caroline.Vogelzang@forfarmers.eu)

## ForFarmers N.V.

Kwinkweerd 12

Lochem, the Netherlands



