

ForFarmers Results 2022

Financial presentation



Notifications and disclaimer

Reporting standards

The results in this presentation are derived from the ForFarmers 2022 financial statements which have 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

23-02-2023	2022 Annual Results and 2022 Annual Report
13-04-2023	General Meeting of Shareholders
17-04-2023	Ex-dividend date
18-04-2023	Registration date
26-04-2023	Payment date dividend
04-05-2023	Q1 2023 Trading update
10-08-2023	Publication 2023 half-year results
03-11-2023	Q3 2023 Trading update
22-02-2024	2023 Annual Results and 2023 Annual Report
11-04-2024	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.

ForFarmers Results 2022



Agenda

Highlights 2022,
market developments and
financial results 2022

- Roeland Tjebbes, CFO

Going forward & Strategy 2025

- Theo Spierings, CEO

Questions



Highlights

2022

2022: Solid results given challenging market circumstances

Underlying EBITDA: -2.7% YoY

Underlying EBIT: -4.4% YoY

Dividend proposal : €0.20 per ordinary share

Russian invasion in Ukraine; extreme spikes in raw material and energy prices

Deliveries to farmers continued smoothly

Long, hot and dry summer

Animal diseases

(African Swine Fever & Avian Influenza)

Farmers saw prices for milk, meat and eggs rise

Prices for raw materials and energy rose faster

Particularly pig farmers suffered

De Hoop Mengvoeders (mainly broiler feed, NL) and Mühldorfer Pferdefutter (horse feed, DE) fully integrated

Proposed joint venture ForFarmers UK and 2Agriculture announced in July 2022; abandoned in February 2023

Progress with sustainability initiatives

Proven success with examples to reduce carbon footprint, i.e. through sourcing of non LUC* soy

Cooperation with NL farmers to use biogas derived from cow manure

Changes in Executive Board and Executive Team

Launch of revised Strategy 2025

Local in the lead, supported by expert knowledge and governance of Group



Market developments per country

in 2022



The Netherlands

Unrest due to proposed nitrogen measures; farmers' actions

Continued outbreaks of AI²

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

Belgium

Number of dairy farms declined but milk production grew

Pig herds continued to shrink

Pig farmers and organic farmers struggling to make a return

Germany

Export bans for pig meat to non-EU countries ongoing

Increased demand for robotic milking in dairy sector

Poland

Impact of war in Ukraine in every day life

Export of poultry products from Ukraine temporarily halted just after the start of the war

Increased demand for poultry products

United Kingdom

Logistics and processing impacted by shortage of skilled labourers due to Brexit

Consumer spending changed due to economic situation; poultry products more favourable

Underlying EBITDA development

(in €m)	2022	2021	Total %	Fx	M&A	LFL ¹	Comments
Total Feed volume (in mT)	9.0	9.7	-6.6%	-	0.2%	-6.8%	Relatively less volume decline for co-products and residual flows, particularly in 2H 22 compared to 1H 2022
<i>Of which: Compound Feed</i>	6.3	6.8	-7.8%	-	0.3%	-8.1%	Decline mainly in the pig sector; volumes in ruminant sector NL and UK stable to slightly positive; strong growth in poultry in PL
Gross profit	494.8	436.3	13.4%	0.1%	0.2%	13.1%	Better in all clusters, particularly in DE/PL; due to passing on higher raw material and energy prices
<i>Underlying operating expenses</i>	-456.6	-396.6	15.1%	0.0%	0.2%	14.9%	Increase mainly due to higher energy and fuel prices and higher inbound logistic costs because of low river levels in summer; larger addition to allowance for bad debts
Underlying EBIT	38.9	40.7	-4.4%	-0.2%	0.2%	-4.5%	Increase in underlying operating expenses higher than increase in gross profit
Underlying depreciation and amortisation	-37.3	-37.5	-	-	-	-	No material M&A in 2022, other capital expenditures slightly lower than in 2021
Underlying EBITDA	76.1	78.2	-2.7%	-0.1%	0.1%	-2.8%	Rise in DE/PL, nearly equal in UK and lower in NL/BE



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>	2022	2021	Comments
Underlying EBIT	38.9	40.7	Increase in underlying operating expenses higher than increase in gross profit
Underlying Net Finance result	-5.4	-3.1	Higher interest charges due to higher debt position following lower cash flow and higher interest rate in PL
Share of profit of equity-accounted investees	4.3	3.8	Of which €4.1 m due to transshipment activities (HaBeMa)
Underlying Income tax expenses	-7.6	-12.0	Mainly due to settlements previous years in some countries and adjustment deferred tax positions in UK; 2021: UK adjustment tax rate
Non-controlling interests	0.2	0.5	
Underlying profit	30.0	29.0	
Incidental items	-12.0	-17.0	Incl. impairment of acquired intangible assets, announced closing of a mill, release and contribution to provisions
Profit (attributable to owners of the company)	18.0	12.0	
Non-controlling interests	0.2	0.5	
Profit for the period	18.2	12.5	

Profit ratios

	2022	2021	Comments
Underlying profit (in €m)	30.0	29.0	
Underlying earnings per share (in €)	0.33	0.32	The impact of the share buy back programme was negligible
Underlying effective tax rate	22.7%	31.9%	Mainly due to settlements of previous years and adjustment of deferred tax positions in UK
Underlying EBITDA/Gross Profit	15.4%	17.9%	
ROACE ¹ (underlying EBIT)	7.8%	8.4%	
ROACE (underlying EBITDA)	15.3%	16.2%	



General remark: additions may lead to small differences due to roundings;
 1. ROACE defined as underlying EBIT(EBITDA)/average capital employed over 12 month rolling average



Capital structure

(in €m)	31-12-2022	31-12-2021	Comments
Total Assets	1,020.4	943.4	Higher mainly due to higher receivable and inventories
Equity	344.2	366.3	Mainly due to addition of profit (€18.2m) minus dividend distribution (-€26.3m) and SBB (-€15.4m) plus OCI (-€2.1m) comprising mainly remeasurement due to higher interest pension NL (€3.8m) and currency translation (-€5.8m)
Solvency ratio	33.7%	38.8%	
Net working capital	38.8	37.5	Effect higher inventory and higher receivables positions, mainly due to higher raw material prices
- Current assets ¹	490.4	407.4	
- Current liabilities ²	451.6	369.9	
Ratio overdue receivables	10.6%	11.6%	Better overdue ratio despite challenging market circumstances
Net Debt	68.6	28.7	Higher due to lower cash flow

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>	2022	2021	Comments
Net cash flow from operating activities	48.2	54.7	Mainly due to trade working capital
Net cash flow from investing activities	-34.8	-55.6	No material acquisitions made in 2022 and slightly lower other capex; 2021: acquisitions of De Hoop and Mühldorfer
Net cash flow from financing activities	-17.8	-2.5	Mainly due to SBB programme
Net increase/decrease in cash and cash equivalents	-4.4	-3.5	
Cash and cash equivalents (1 January)	33.8	38.0	
Currency translation effect	-3.1	-0.8	
Cash and cash equivalents (31 December)	26.3	33.8	

Alternative Performance Measures¹ (incidental items)

(in €m) adjustments on different levels	Impairments		Business combinations and divestments		Restructuring		Other		Total APM items	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
On EBITDA ^A	-	-	-1.6	1.7	-3.6	-4.0	1.6	-3.0	-3.6	-5.3
On EBIT ^B	-2.6	-4.4	-9.9	-6.7	-3.6	-3.9	1.6	-3.0	-14.5	-18.1
On Net financing result ^C	-	-	-1.1	-2.5	-	-	-	-	-1.1	-2.5
On Tax ^D	0.6	1.0	1.9	1.7	0.9	0.9	0.2	-	3.6	3.6
On Profit to shareholders	-2.0	-3.4	-9.1	-7.5	-2.7	-3.0	1.8	-3.0	-12.0	-17.0

Comments

2022: impairment of mill (NL) due to pending closure (B)

2021: impairment of assets no longer in use (B)

2022: M&A (A); impairment acquired intangible assets (B); accrual put option and earn-outs (C)

2021: 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)

2022: announced closure of mill (NL)(A, B)

2021: Implementation efficiency programme (A+B) and one-off severance package Executive Board members;

2022: net amount of both addition and release of provision (A,B)

2021: 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 17 of the 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)	2022	2021	Comments
Total Feed volume (in kT)	4,705	5,069	Decline mainly in pig sector; volumes in ruminant sector fairly stable; in poultry sector decline but improved market position; less tolling activities for Reudink; co-products growing
Revenue	1,747.8	1,416.8	Higher raw material prices
Gross profit	269.3	249.6	Relatively lower increase than revenues due to slight delay in passing on price increases raw materials
Underlying operating expenses	-233.6	-201.2	Mainly spike in energy prices; lower number of ftes
Underlying EBITDA	48.2	61.3	Higher gross profit not sufficient to cover higher operating expenses
Underlying EBIT	35.8	48.5	
Underlying EBITDA/Gross profit	17.9%	24.6%	
ROACE (on underlying EBIT)	17.3%	23.1%	



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

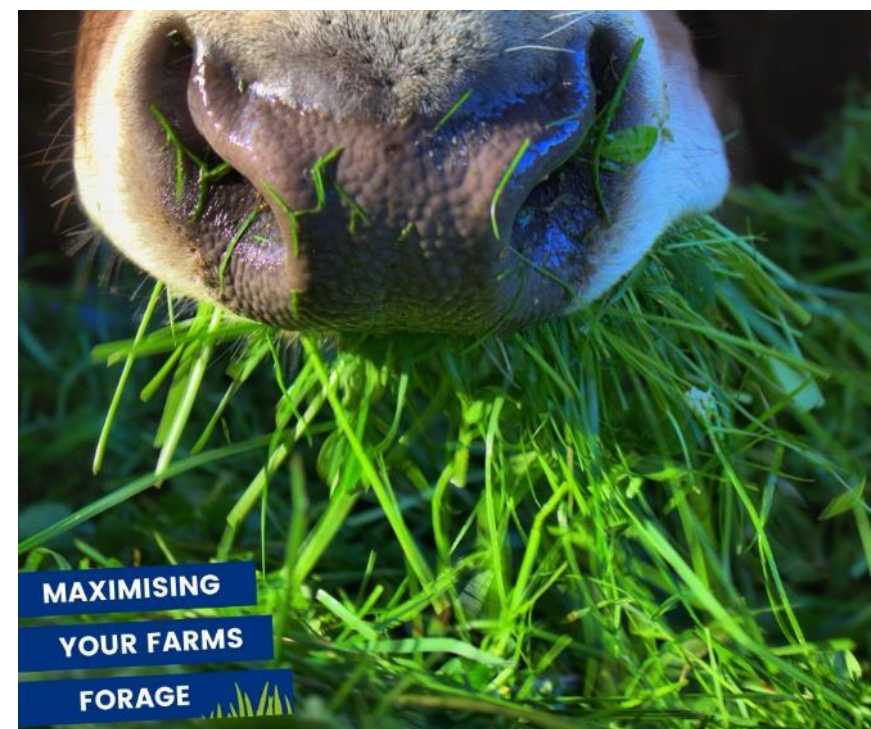
<i>(in €m)</i>	2022	2021	<i>Comments</i>
Total Feed volume (in kT)	1,993	2,176	Significant volume growth in poultry, decline in ruminant sector and substantial drop in swine. Volumes up in all sectors in PL; pig sector in DE in financial distress
Revenue	829.2	645.4	Higher raw material prices
Gross profit	98.6	73.5	Good positioning and pricing policies; 2021: incident in DE with unfavourably priced contracts
Underlying operating expenses	-82.4	-71.8	Higher energy prices; few more ftes in Poland
Underlying EBITDA	23.1	9.0	Gross profit rose more than operating expenses
Underlying EBIT	16.5	2.4	
Underlying EBITDA/Gross profit	23.4%	12.2%	
ROACE (on underlying EBIT)	10.5%	1.7%	



Results

United Kingdom

<i>(in €m)</i>	2022	2021	Comments
Total Feed volume (in kT)	2,334	2,421	Volumes up in ruminant sector due to stronger market position; decrease in suffering pig sector, up in broilers but down in layers due to AI
Revenue	788.8	648.8	Higher raw material prices and positive currency translation effect
Gross profit	126.4	112.6	Pass through of higher input prices and currency translation effect
Underlying operating expenses	-124.2	-110.5	Higher energy prices and slightly more ftes
Underlying EBITDA	16.0	15.8	Rise in gross profit sufficient to cover higher operating expenses
Underlying EBIT	2.3	2.2	
Underlying EBITDA/Gross profit	12.7%	14.0%	
ROACE (on underlying EBIT)	1.9%	1.9%	Based on slightly higher average capital employed



Key data



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ForFarmers revised strategy 2025

Adapted to face the future



ForFarmers strategic principles



Even closer to farmers/customers

...with local business in the lead, enhanced by group values, know-how and governance

Differentiate in specific local products/markets

... by investing in and delivering innovative concepts

Good feed at a competitive price

...to provide economic returns for farmers and ForFarmers

Provide sustainable solutions

... to drive success in markets and operations in a changing ESG environment

Enhance (virtual) supply chain integration

... together with farmers – supply concepts and take initiative to actively manage the chain



Sustainability

ForFarmers' pro-active approach: Going Circular, For the Future of Farming



Ambition 2025: our integrated objectives



Developing talent

For the Future of Farming

- Lost Time Incidents frequency rate <0.5% per 100 employees (in FTE)
- More diversity in (senior) management positions
- Better score employee engagement survey



Sharing knowledge

For the Future of Farming

- Better feed conversion ratio each year
- Bespoke solutions for specific chains
- Focus on good feed at competitive price



Going Circular

For the Future of Farming

- Leadership position in reducing CO₂ emissions of feed materials (scope 3)
- Energy and fuel reduction per tonne of feed: 10% compared to 2020
- Leadership position on percentage non-human edible feed materials in diets
- 100% responsibly sourced soy and palm oil
- Deliver feed concepts that address societal requirements



Creating value

For the Future of Farming

- M&A: enhance and broaden in selective segments, both in and outside of home markets
- Dividend distribution: 40%-60% of underlying net profit
- Consolidated ROACE (on underlying EBIT) of at least 10% by 2025, barring unforeseen circumstances

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