



FrieslandCampina n.v.
nourishing by nature

**DOING
DAIRY
RIGHT**



Royal FrieslandCampina N.V.
Global Investor Update

27 February 2025

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Agenda

Highlights 2024

- Performance
- Company and Business Groups
- Sustainability

Financial Profile

Outlook and priorities

Questions & Answers

Hans Janssen
CFO



David Tillmanns
*Corporate Director
Treasury*



Strong results FrieslandCampina in 2024



**12 out of
17**
targets

**Winning in the
market**

13.2
billion euro
+1.3%

Net revenue
Before currency
translation effects

12.9
billion euro
-1.1%

Net revenue

527
million euro
75 in 2023

Operating profit

321
million euro
-149 in 2023

Net result

315
million euro
versus 2023

Cost savings
In cost price and overhead

454
million euro
522 in 2023

Free cash flow
Operational +/-
Investing cash flow

1.21 euro
per 100kg milk

**Supplementary
Cash payment**

Strong financial results FrieslandCampina in 2024



Winning in the market

Positive development volumes, following increased spend

- # of B2C KPI winning: 7/11
- # of B2B KPI winning: 5/6
- Value added volumes +0.4%
- Positive development market shares based on volumes, value under pressure



Expanding our margins

Recovery margin and gross profit from negative effects in 2023

- Savings realised on track
- Significant contribution Specialised Nutrition, Asia and Ingredients
- Recovery gross margin on the back of commodity prices and sale of less expensive inventories
- Operating profit strongly improved



Generating cash

Positive cash flow, capex financed with operational cash flow

- Working capital slightly lower vs low landing in December 2023
- Strong Free Cash Flow
- Solid ratios due to strong results and lower net debt

Strong increase results FrieslandCampina in 2024

<i>(amounts in €m)</i>	2024	2023	Δ	%
Net revenue	12,923	13,072	-149	-1.1
Cost of goods sold	-10,850	-11,290		
1 Gross profit	2,073	1,782	+398	+22.3
<i>Gross margin</i>	16.0	13.6	+240bpt	
Marketing spend	-653	-568		
2 Selling, General & Administrative costs	-875	-935		
Other results and exceptional items	-18	-204		
Operating profit	527	75	+452	

External classification of operating result differs from managerial EBIT due to accrual for supplementary cash payment

	Result based on GP	Suppl. cash payment	Financial statements
Revenue	12,923		12,923
Operating expenses	-12,287	-109	12,396
Operating profit	636	-109	527
Result JVs and associates	20		20
Net finance costs	-74		-74
Profit before tax	582	-109	473
Tax	-152 23.8%		-152 32.1%
Profit for the year	430	-109	321
Profit attributable to:			
Providers of member bonds	-64		
Providers of perpetual bonds	-10		
Provider of cooperative loan	-10		
Non controlling interests	-73		
Basis for calculation Suppl. cash payment	273		



40% of €273m
= €109m

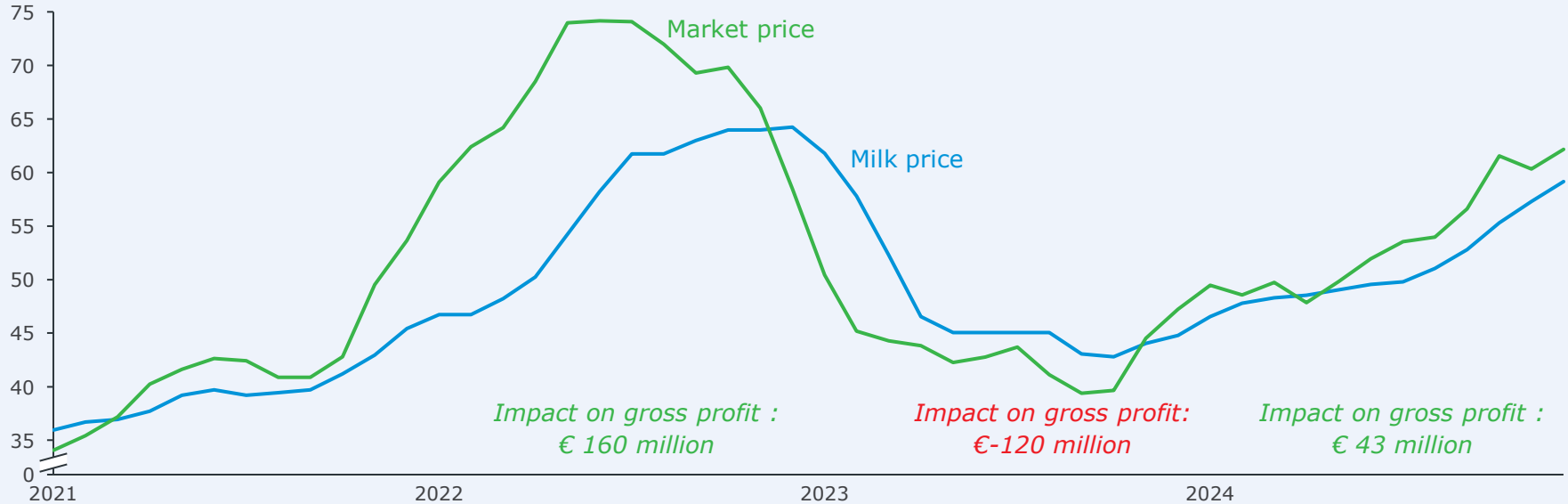
As of 2023, the accrual for the supplementary cash payment will be part of Cost of goods sold and will not be processed as a dividend payment. No supplementary cash applied in 2023.

No gross up due to available fiscal result in the Netherlands.

1 Gap between milk price and market prices

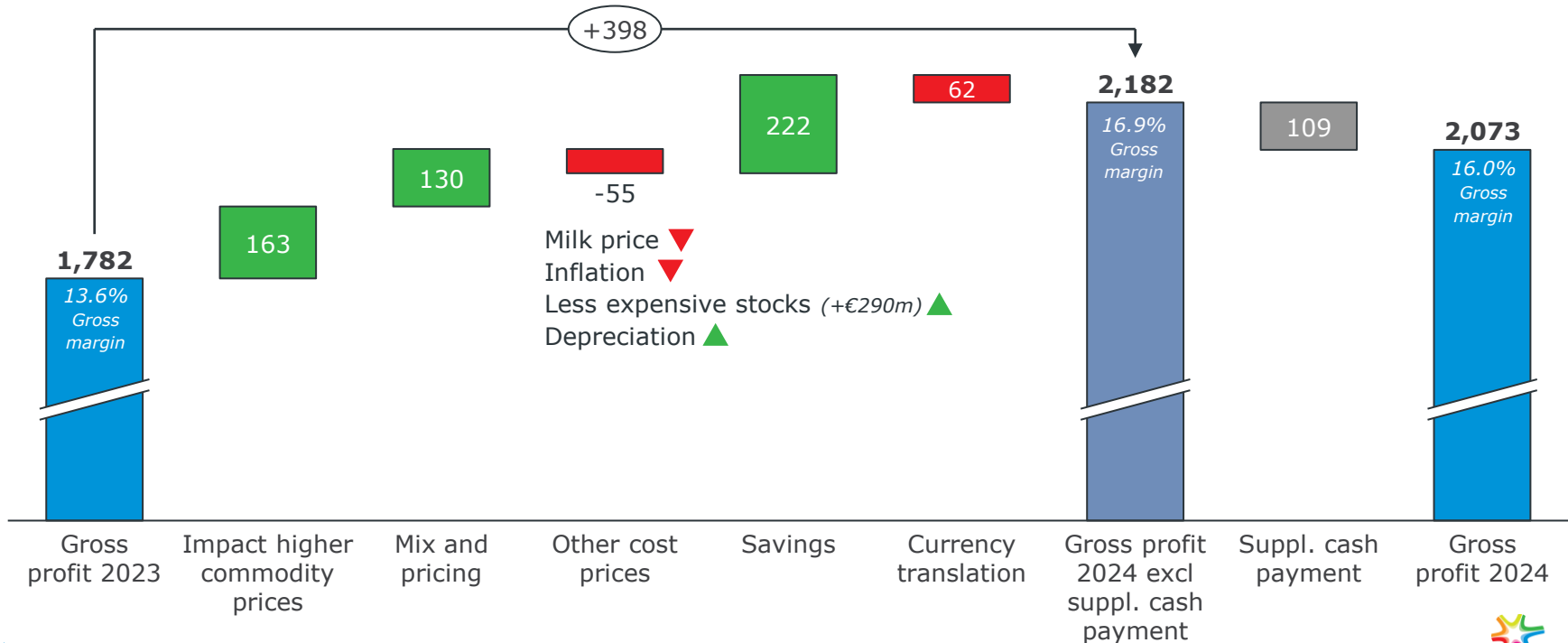
Development milk prices

(€ / 100 kg)



1 Recovery margin and gross profit from negative effects in 2023

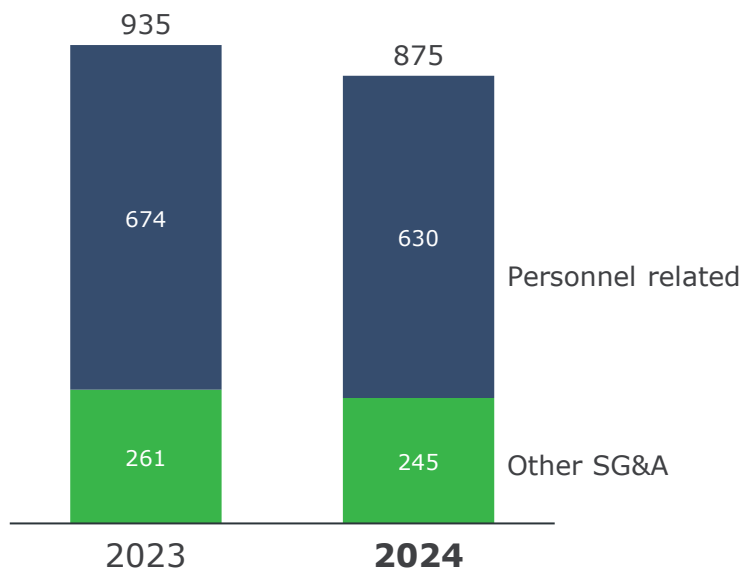
(amounts in €m)



2 Lower SG&A due to savings and currency translation

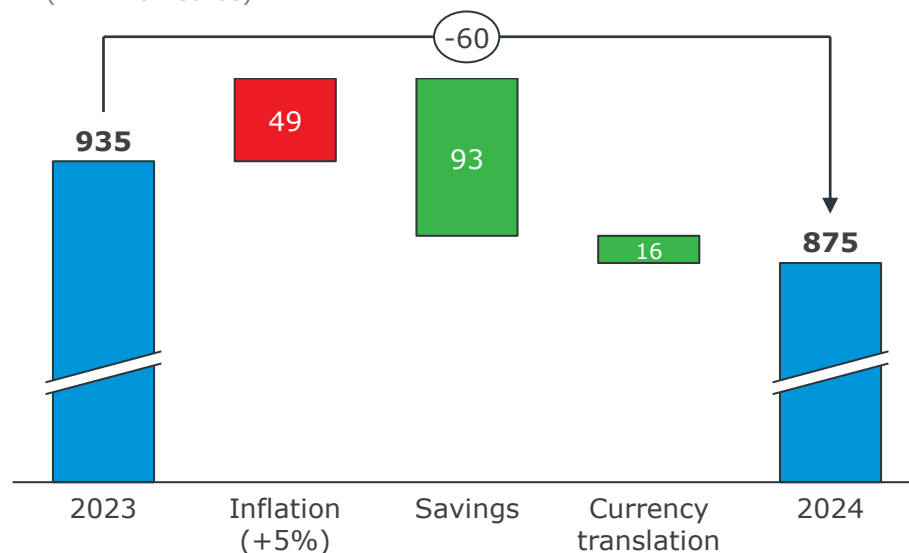
Selling, General & Administrative costs

(in million euros)



Development SG&A

(in million euros)



Generate cash: strong cash flow due to result and further reduction working capital

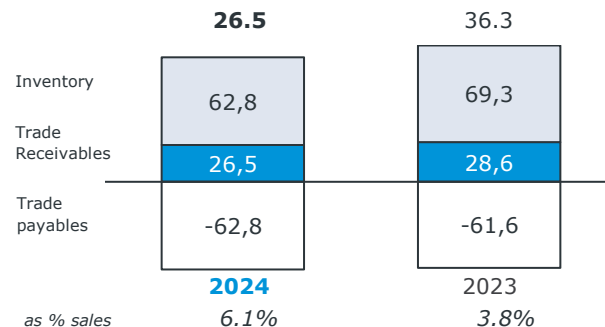
<i>(amounts in €m)</i>	2024	2023	Δ
Profit before tax	473	-37	
Depreciation and impairments	470	453	
Movements working capital	127	596	
Other operating activities	-170	-181	
Net cash flows from operating activities	900	831	+69
Investments	-450	-471	
Other investing activities	4	162	
Free cash flow	454	522	-68
Other financing activities	-13	-342	
Cash flow	441	180	
Interest-bearing borrowings	47	-15	
Net cash flow	488	165	

Limited working capital movements despite low landing in 2023

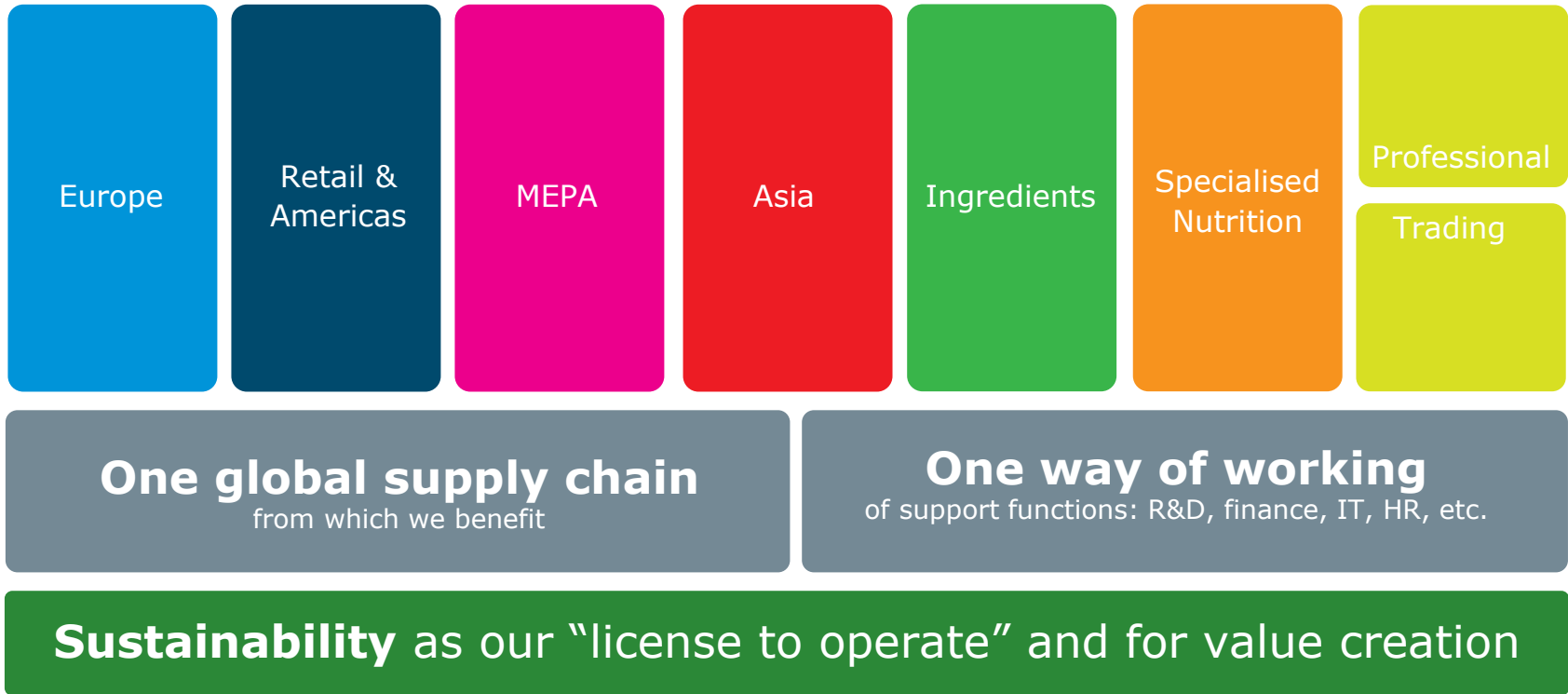
€ mln	2024	2023
Inventory (movement)	-222	339
Trade Receivables (movement)	-123	398
Trade Payables (movement)	574	-242
Employee Benefits (movement)	-10	-6
Provisions (movement)	-922	107
Movements working capital	127	596

Comments

- **Trade working capital days** (avg # days)



Seven business groups, built on one foundation



Europe: Growth of volume market share for most brands

Revenue ▼	1,637	-3.4%
Operating profit ▼	46	-33.3%
Operating profit as % of third-party revenue	2.8	

In million euros

- Volume market share gained on Campina and other focus brands for the first time in years
- Full focus from 2024 on Campina, Chocomel, Napolact, NoyNoy, Optimel, Pöttyös and Yazoo
- Net revenue and EBIT down as expected due to price adjustments and marketing investments in response to private label growth



The Netherlands

On-trend product launches for Campina, Optimel and Chocomel



Greece

Successful launch NoyNoy PowerBowl, strong growth Market share

Retail & Americas: Better results in Germany and in cheese

Revenue ▲	1,872	0.5%
Operating profit ▲	2	104.3%
Operating profit as % of third-party revenue	0.1	

In million euros

- Profit in Germany for first time in years with new focus on private brands
- Volume development of natural cheese stabilised after years of decline. More cheese contracts linked to milk price concluded
- Net margin improved (5.5% vs 3.4%)



Name change from Zijerveld to **Velder** marks new chapter in cheese business development



Launch of private label High Protein Drinks and Iced Coffee Drinks, from new PET-line **Aalter**

MEPA: Highly dependent on (local) economic developments

Revenue ▼	1,347	-8.2%
Operating profit ▼	70	-10.3%
Operating profit as % of third-party revenue	5.2	

In million euros

- Good growth of brands in key member milk markets in Middle East and North Africa
- Solid volume recovery in Nigeria, despite negative currency effect
- Increasing market share and EBIT in Pakistan, despite volume pressure due to VAT increase



Volume growth of 7% for Rainbow evaporated milk due to strong growth in **Saudi Arabia**



Volume recovery for evaporated milk in **Nigeria** due to wider distribution and better implementation

Asia: Growth of market shares and profitability

Revenue ▼	1,618	-2.2%
Operating profit ▲	110	23.6%
Operating profit as % of third-party revenue	6.8	

In million euros

- Solid growth in profitability
- Market share growth in Indonesia, Thailand and Hong Kong
- Challenges in Vietnam and Philippines



New sustainable production sites opened in **Indonesia** and **Malaysia**



Thailand Foremost Omega #1 position with strong growth of market penetration, distribution & market share

Ingredients: Benefit from strong milk protein demand

Revenue ▲	1,452	0.3%
Operating profit ▲	214	4.9%
Operating profit as % of third-party revenue	14.7	

In million euros

- Growing demand for high-quality milk proteins met by Ingredients
- Decline in DFE Pharma results after a very good 2023
- Challenges with low-value proteins and residual streams



30 Million euros **investment** in **Workum** production site for high-value WPC products



Innovative products such as Nutri Whey ProHeat offer new applications in medical nutrition

Specialised Nutrition: Growth in China and improving profits

Revenue ▲	1,218	6.0%
Operating profit ▲	227	16.4%
Operating profit as % of third-party revenue	18.6	

In million euros

- Growth Friso market share, mainly due to expansion of outlets in China
- Market growth driven by further premiumisation and e-commerce
- Operating profit increased mainly due to strong growth in China and Hong Kong



Launch of Friso Prestige X (**China**) and Friso Signature (**HK**)



Strengthened market share China #3 market position, #1 international brand

Professional & Trading: Strongly improved results due to better basic dairy prices

Revenue ▲	3,739	1.9%
Operating profit ▲	96	146.2%
Operating profit as % of third-party revenue	2.6	

In million euros

- Net revenue mainly up due to higher milk prices
- **Professional:** strengthened position in cream, desserts and milk foam
- **Trading:** volume decline due to increased volumes in the rest of the business

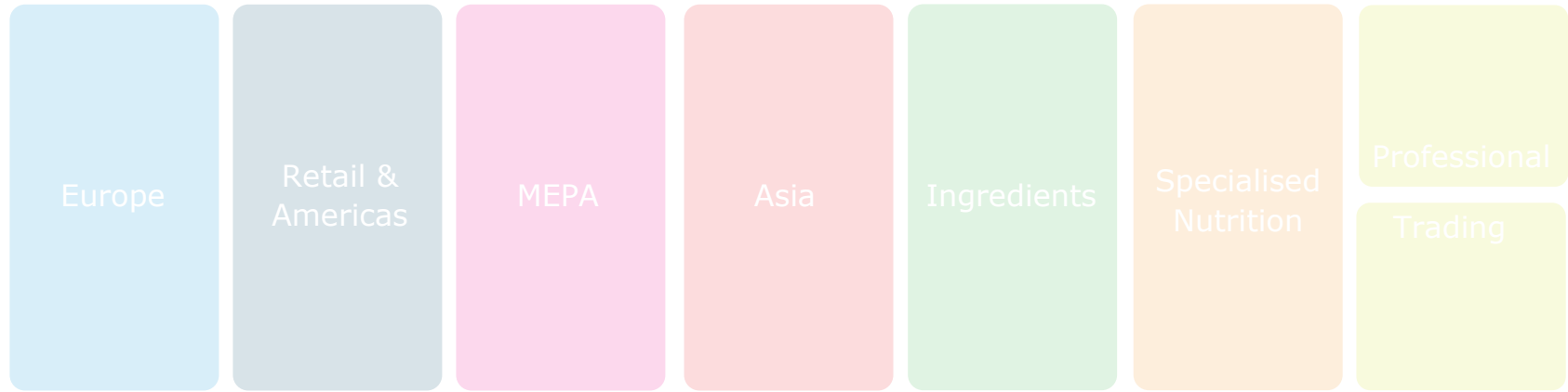


Debic continues to grow internationally. Now #3 brand after Friso and Frisian Flag



Lattiz volume growth and Increased machine placements. Cooperation with Selecta

One FrieslandCampina in production and support services



One global supply chain

from which we benefit

One way of working

of support functions: R&D, finance, IT, HR, etc.

Sustainability as our “license to operate” and for value creation

Significant savings in Supply Chain due to Performance+

Cost savings ▲

(in million euros)

222

Quality ▲

- Significant cost savings of 222 million euro, on track for expected savings in 2026
- Implement Our Way of Working: strong improvement in productivity on almost 30 production sites
- Announced optimisation factory network: Born and Leeuwarden-Noord



Close cooperation
between business groups
to lower cost prices



Implement **Our-way-of-Working** on almost
30 production sites

Performance

Increased focus and less SG&A expenses due to Expedition 2030

Cost savings in support services

93

(in million euros)

- Significant cost savings of 93 million euro, on track for expected savings in 2026
- One way of working resulting in focus which contributes to results
- Employee engagement back to level prior to E2030, further improvement expected



Employee engagement
76 (75 prior to restructuring)



Global **One-way-of-Working** in support functions



Expedition 2030

Performance+ and Expedition 2030 give us fuel for growth



Expedition
2030

Performance+



€400M-€500M

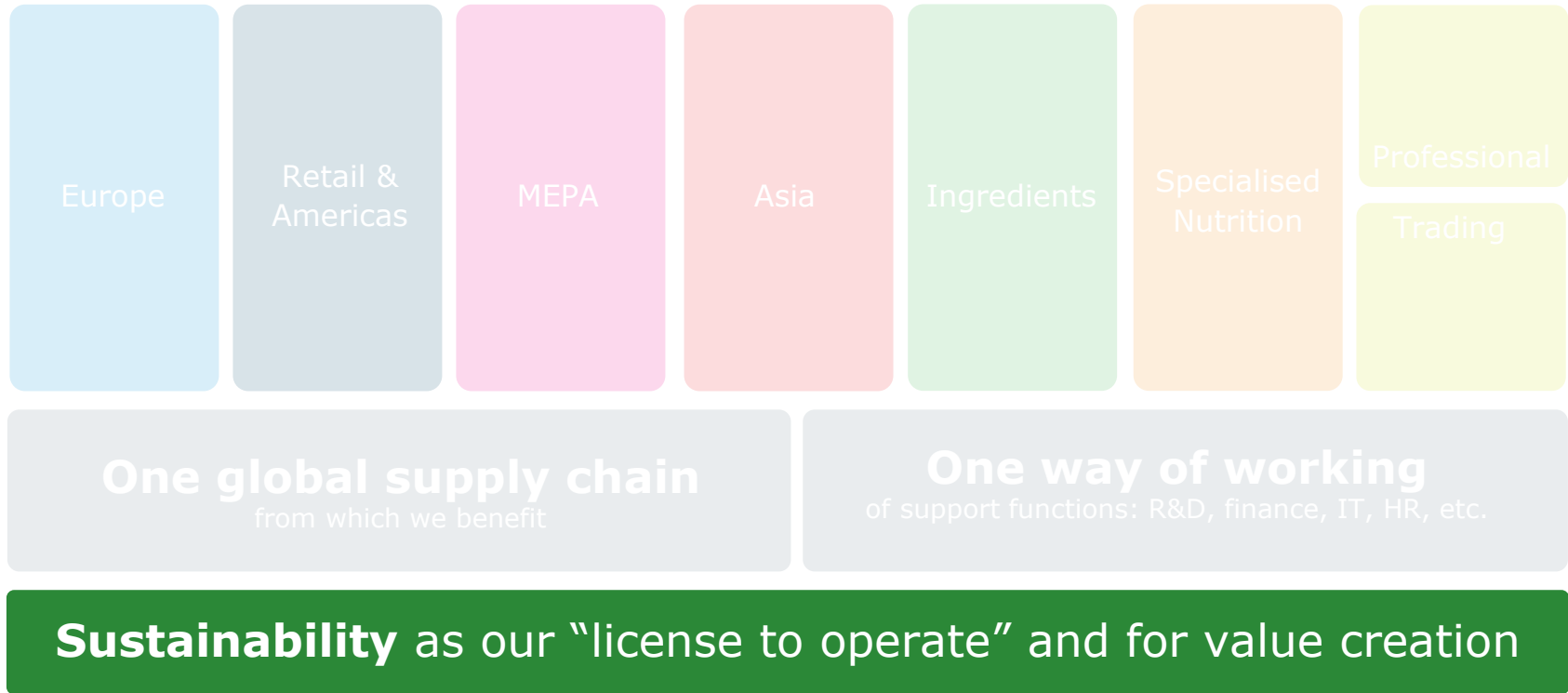
Annual savings*
in 2026

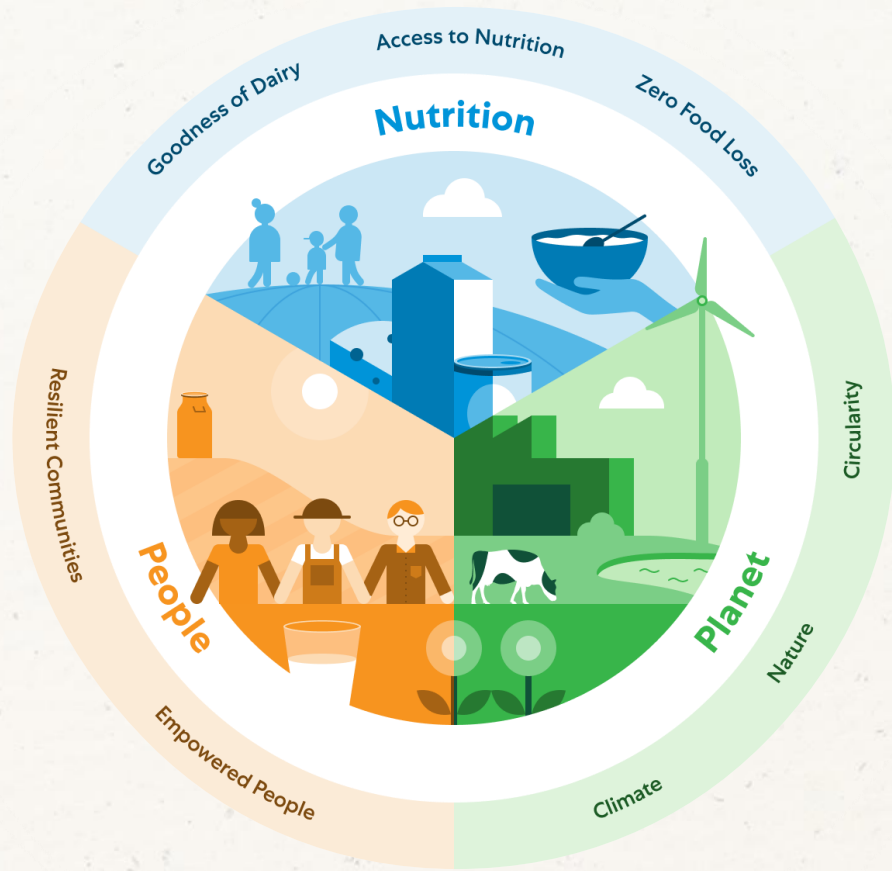
Both in **cost price**
and **overhead**

* versus 2023

This requires teamwork, speed and perseverance

Sustainability as a responsibility and an opportunity





nourishing by nature

**Offering relevant
nutrition**

**In balance with
the planet**

Good progress, but still steps to take



76%

volume sold in compliance with GNS
75% in 2023

Better products

580

kt CO₂-eq.

-1.4%

Scope 1 & 2

Greenhouse gas emissions

7,873

kt CO₂-eq.

-9.8%

Scope 3-member milk

Greenhouse gas emissions

5,706

kt CO₂-eq.

+2.0%

Scope 3-other

Greenhouse gas emissions

29%

women

29% in 2023

Gender

in senior management

39%

non-Dutch

41% in 2023

Nationality

in senior management

4.9

million m³/ton

4.8 in 2023

Water consumption

92%

Prepared for recycling/reuse
91% in 2023

Recyclable packaging

Members received 245 million euros in sustainability premiums

Greenhouse gas emission reduction on member dairy farms

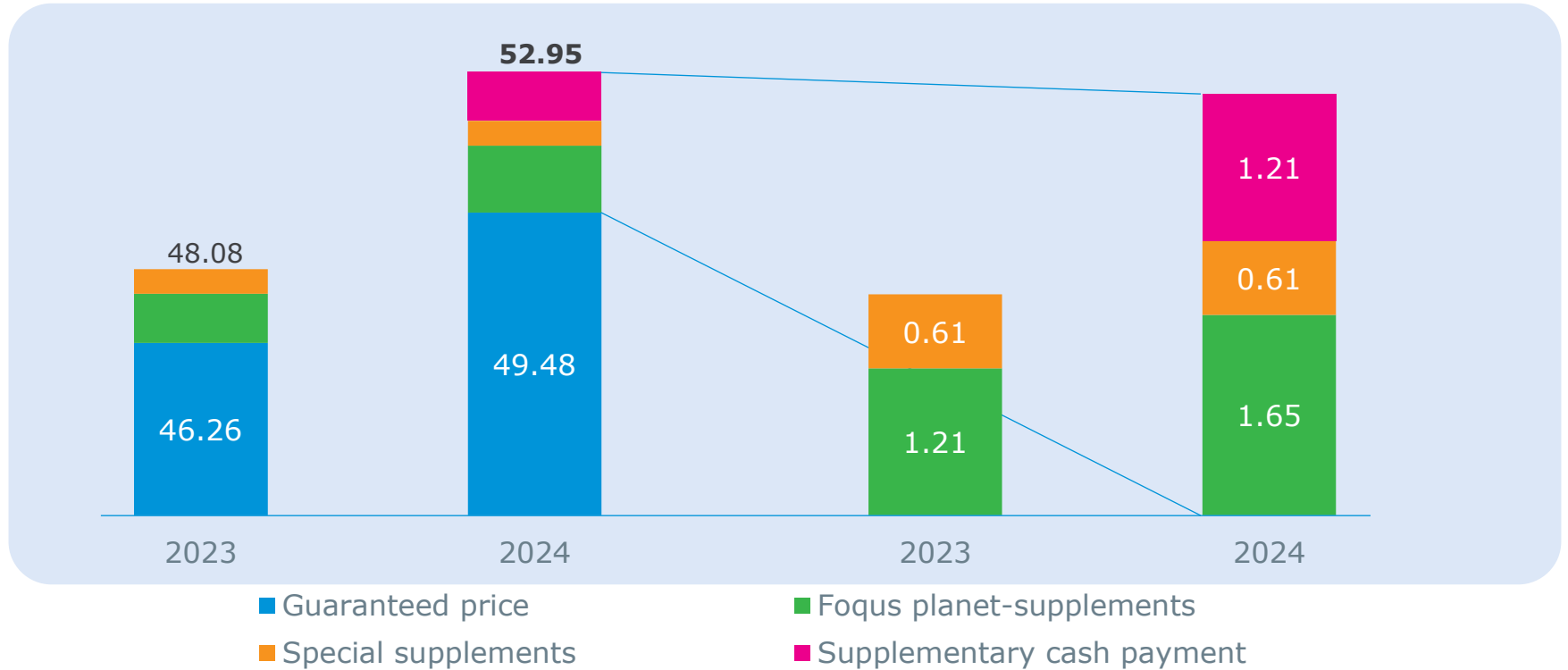


-9.8%

Greenhouse gas emission
2023-2024



Milk price 2024: 52.95 euros (+10.1%)



Decline in member dairy farms due to stoppers, more new members signed on

	Amount
Member dairy farms 31 December 2023	9,417
Stoppers	-405
Leavers (including DMF)	-59
New members, started in 2024	48
Member dairy farms 31 December 2024	9,001
<i>New members already contracted for 2025/2026</i>	<i>48</i>



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Prudent financing policy

Prudent financing policy

- **Maintaining a conservative capital structure**
- **Strong commitment to remain investment grade**
 - Adapted milk payment regulation in July 2020, to make **milk payments subordinated specifically to senior debt**
 - Issuance of Milk Certificates in January 2022
- **Diverse funding profile with healthy equity levels**
- **Significant headroom with covenant levels**
 - Net debt/EBITDA < 3.5x¹
 - EBITDA interest coverage > 3.5x¹
- **Conservative profit allocation policy** set for 3 year periods (to be renewed in 2025)
- **Retaining 60% of net income as equity**²

Credit ratings

FitchRatings

BBB+ (Stable Outlook)

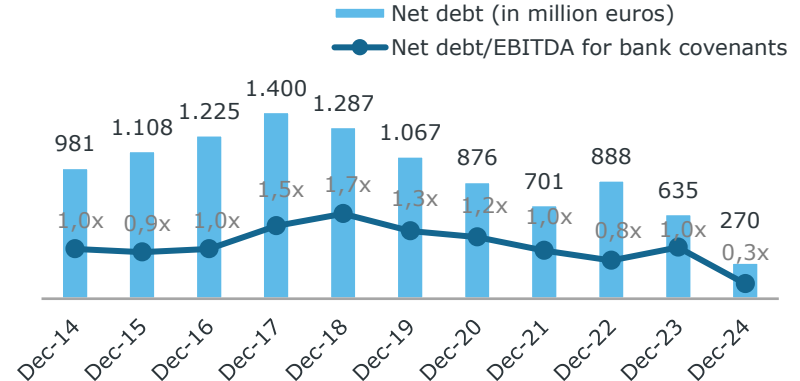
as of March 2024

S&P Global

BBB (Stable Outlook)

as of July 2024

Net debt development (in €m)



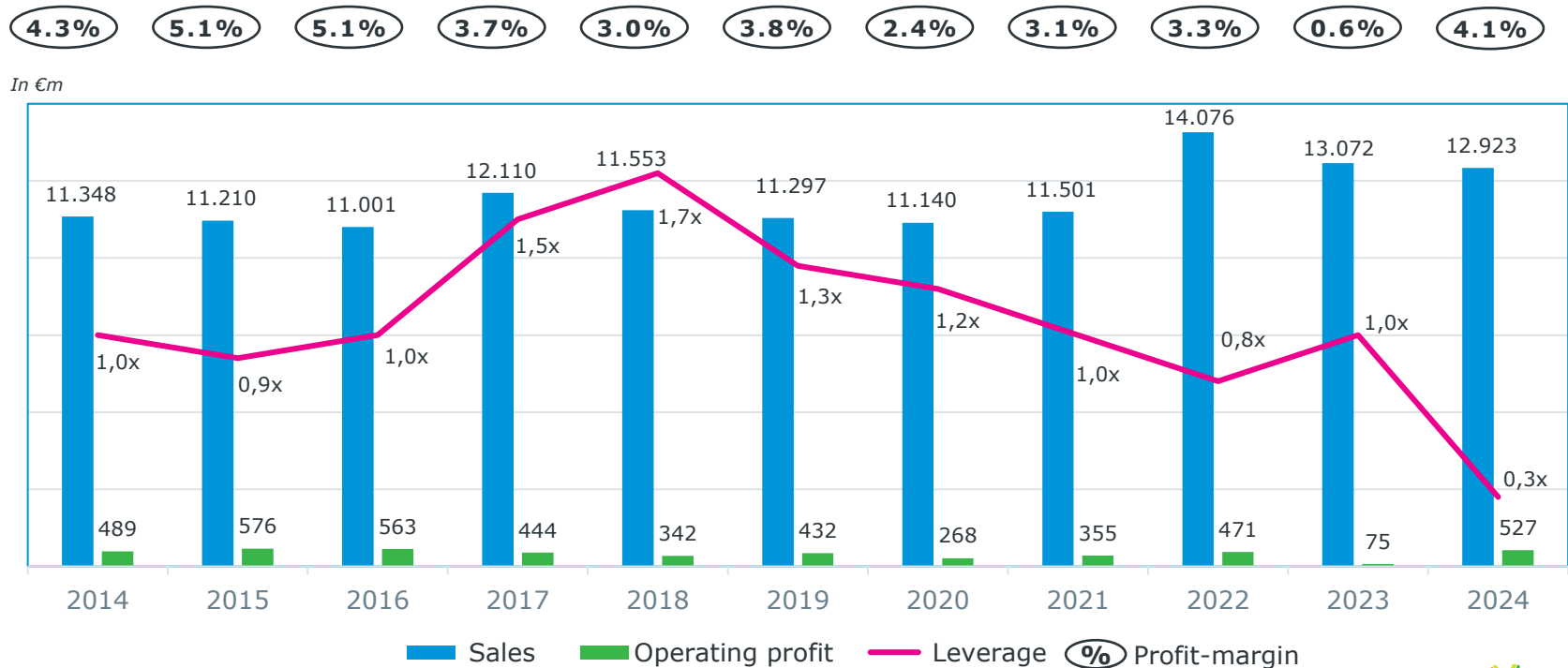
Note: 1) Based on LTM EBITDA for bank covenants as defined in the Compliance Certificate, adjusted for performance related supplementary cash payments; 2) Allocation policy set for 3 year periods and laid down in the milk price regulations, current policy set up to and including 2025. Shareholder's Board can, at the proposal of the Executive Board with approval of the Supervisory Board, lower the share added to equity capital in event of a goodwill impairment >€100m or add book profits to equity capital if book profits are >€100m and result out of (i) the sale of assets or (ii) revaluation of an interest in subsidiaries, in accordance with the milk price regulation and the reservation policy; 3) Net debt based on frozen GAAP (disregarding the impact of IFRS 16), in accordance with covenant guidelines

Financial ratios improve

	Threshold	2024	2023
Net Debt* (in €m)		270	635
Net Debt to EBITDA	<2.5	0.3	1.0
Interest coverage ratio	>5.0	11.4	9.4
Return on Capital Employed	>10.0%	13.5%	1.5%

* Net debt as per covenant guidelines (adjusted for lease obligations)

Strong and stable financial track record the last decade

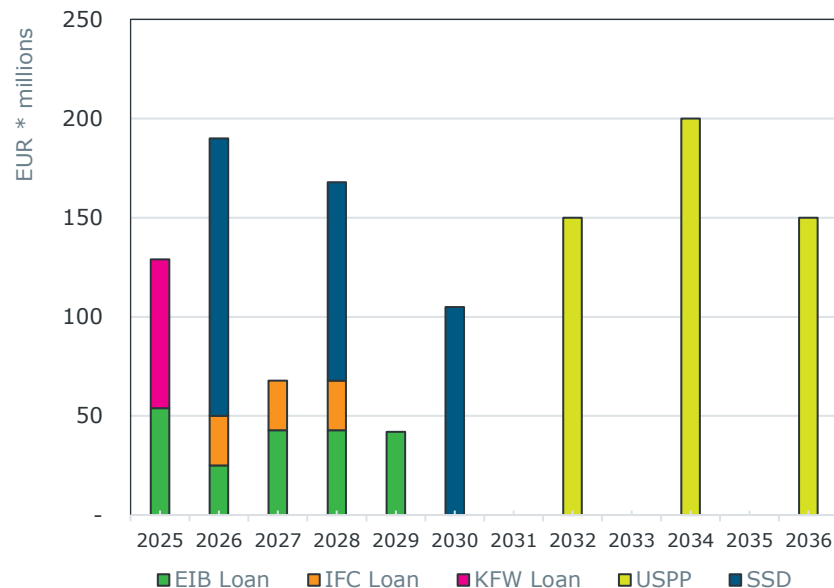


Funding profile and debt maturity profile

Current net debt¹

€m	Dec-24	Dec-23
Private placements	497	206
IFC loans	75	75
EIB loans	208	285
SSD	345	375
TLTRO	0	250
Other borrowings from credit institutions	135	64
Revolving Credit Facility	0	0
KFW loan	75	75
Other	29	46
Total interest-bearing debt	1,364	1,376
Receivables from Zuivelcoöperatie FrieslandCampina U.A.	(45)	(185)
Cash and cash equivalents (not restricted)	(1,049)	(556)
Net debt¹	270	635

Current debt maturity profile LT Debt



- TLTRO Loans of EUR 250mio repaid per 31 January 2024
- New US private Placement funds of EUR 400mio and USD 100mio received per 1 February 2024.
- KFW loan will be prepaid per 28 February 2025 (original maturity date in 2028)

Note: 1 Net debt based on frozen GAAP (disregarding the impact of IFRS 16), in accordance with covenant guidelines; Excludes lease liabilities of €179mIn

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The priorities for 2025 are clear and already in progress

1. Accelerate growth in profitable dairy segments
2. Expand margins and reduce volatility in basic dairy
3. Continue cost savings Performance+ and Expedition 2030
4. Retain and recruit member farmers
5. Nourish, by nature: Nutrition, People & Planet
6. Build strong and diverse talent base

Outlook 2025

Expected result trend

- Lack of positive 'commodity gap'
- Costs for raw materials, packaging materials and transportation expected to increase
- Additional savings of EUR 100-150mio used to offset inflation and facilitate growth

Investments

- Below 2024 levels
- Focus on optimisation of existing facilities
- SAP system upgrade for optimisation of business operations

Milcobel and FrieslandCampina: Stronger together, towards the future



1

Scale



2

Strengthen
market positions



3

Milk and
production
synergies



4

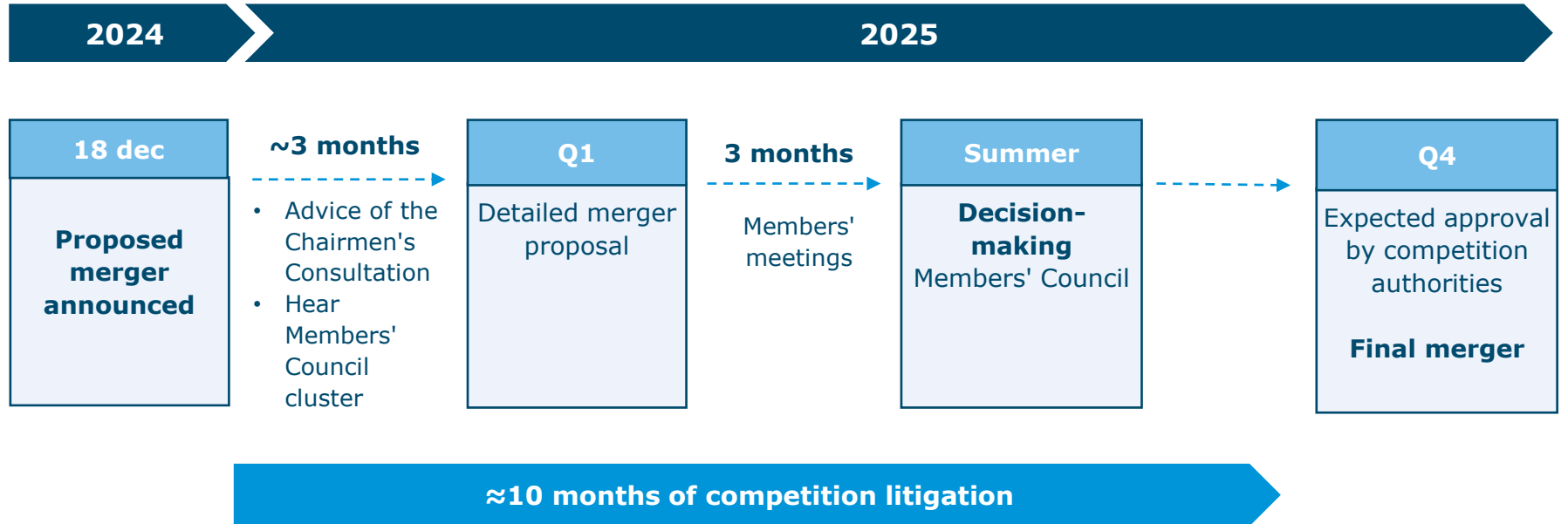
We're a good fit

The proposed merger: transaction structure highlights

- Full merger of the cooperatives
- Milcobel members are committed to the structure & milk price system of FrieslandCampina:
 - Milcobel members will acquire milkcertificates (8ct/kg milk) on day 1
 - Milcobel members are entitled to milkprice including supplementary cash payment
 - The milk certificates are purchased through the contribution of accumulated registered capital



The proposed merger: what is going to happen next?



Our ambition





FrieslandCampina
nourishing by nature

DOING DAIRY RIGHT



Questions & Answers