



Appendix half-year results 2019

Royal FrieslandCampina N.V.

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Key figures

Millions of euros, unless stated otherwise	2019 first half-year	2018 first half-year	Δ%	2018
A good living for our farmers				
Revenue	5,663	5,721	-1.0	11,553
Operating profit	210	177	18.6	342
Profit	121	109	11.0	203
Operating profit as a percentage of revenue	3.7	3.1		3.0
Value creation for member dairy farmers				
in euros per 100 kilos of milk (excluding VAT at 3.47% protein, 4.41% fat and 4.51% lactose)				
Guaranteed price	35.89 ¹	35.25	1.8	36.05
Pro forma performance premium ²	0.87	0.55		0.46
Meadow milk premium ³	0.65	0.62		0.63
Special supplements ⁴	0.24	0.16		0.16
Pro forma cash price ²	37.65	36.58	2.9	37.30
Pro forma issue of member bonds ²	0.25	0.16		0.13
Pro forma milk price ²	37.90	36.74	3.2	37.43
Interest on member bonds	0.47	0.43		0.45
Pro forma retained earnings ²	1.23	0.78		0.72
Pro forma performance price ²	39.60	37.95	4.3	38.60
Interim pay-out ⁵				
75% of the pro forma performance premium	0.65	0.41		
Dairy Development Programme (DDP)				
Local farmers who participated in a training programme in DDP countries (number)	41,991 ⁶	20,534		80,216
Now and for generations to come				
Greenhouse gas reductions from production and transport (compared to first half 2018)	6.7%			
Greenhouse gas emissions by member dairy farms (kt CO ₂ equivalent) ⁷	11,494	11,976		11,651
Green electricity (percentage of total electricity consumed at production facilities)	94	89		90

¹ Concerns balance of guaranteed price of 36.04 euros and a settlement of 0.15 euro per 100 kilos of milk for an excessively high estimate over the first half-year 2019.

² The performance premium, the issue of member bonds and the retained earnings are determined on the basis of the full-year profit figures.

³ Dairy farmers applying grazing receive a 1.50 euro meadow milk premium per 100 kilos of milk for 2019. An amount of 1.00 euro per 100 kilos of meadow milk is paid from operating profit. On average, across all FrieslandCampina members milk, this amounts to 0.65 euro per 100 kilos of milk as per half year 2019. Furthermore, another 0.50 euro per 100 kilos of meadow milk is paid out pursuant to cooperative schemes. To finance this amount and to pay for the partial pasture grazing premium, 0.35 euro per 100 kilos of milk is withheld across all milk.

⁴ Special supplements concern the total amount of pay-outs per 100 kilos of milk of Landliebe milk, VLOG supplement, Skylger and PlanetProof and the difference between the paid guaranteed price of organic milk and the paid guaranteed price. On average, across all FrieslandCampina member milk, this amounts to 0.24 euros per 100 kilos of milk.

⁵ The 2019 interim payment per 100 kilos of milk will be deposited into the member account on 1 September 2019 at the latest.

⁶ The sharp increase in the total number of trained local farmers in DDP countries is due to the inclusion of training programmes carried out in Pakistan and Romania, and a one-year project in Nigeria.

⁷ 12 months rolling.

Condensed consolidated income statement

In millions of euros	2019 first half-year	2018 first half-year
Revenue	5,663	5,721
Cost of goods sold	-4,728	-4,831
Gross profit	935	890
Advertising and promotion costs	-276	-260
Selling, general and administrative costs	-438	-430
Other operating costs and income	-11	-23
Operating profit	210	177
Finance income and costs	-15	-23
Share of profit of joint ventures and associates, net of tax	10	10
Profit before tax	205	164
Income tax	-84	-55
Profit for the period	121	109
Profit attributable to:		
• holders of member bonds	24	23
• provider of Cooperative loan	4	4
• shareholder	63	41
Shareholder and other providers of capital	91	68
Owners of non-controlling interests	30	41
Profit for the period	121	109

Condensed consolidated statement of financial position

In millions of euros	30 June 2019	31 December 2018
Assets		
Property, plant and equipment	3,482	3,282
Intangible assets	1,639	1,708
Biological assets	7	8
Deferred tax assets	211	229
Joint ventures and associates	126	124
Employee benefits	8	8
Other assets	32	47
Non-current assets	5,505	5,406
Inventories	1,512	1,367
Receivables	1,637	1,691
Cash and cash equivalents	432	356
Assets held for sale	37	2
Current assets	3,618	3,416
Total assets	9,123	8,822
Equity		
Issued capital	370	370
Retained earnings and other reserves	949	934
Equity attributable to shareholder	1,319	1,304
Member bonds	1,599	1,610
Cooperative loan	291	295
Equity attributable to shareholder and other providers of capital	3,209	3,209
Non-controlling interests	337	343
Total equity	3,546	3,552
Liabilities		
Employee benefits	466	433
Deferred tax liabilities	110	130
Interest-bearing borrowings	1,064	1,035
Other liabilities	77	80
Non-current liabilities	1,717	1,678
Interest-bearing borrowings	914	616
Trade payables and other liabilities	2,931	2,976
Liabilities held for sale	15	
Current liabilities	3,860	3,592
Total liabilities	5,577	5,270
Total equity and liabilities	9,123	8,822

Condensed consolidated statement of cash flows

In millions of euros	2019 first half-year	2018 first half-year
Profit before tax	205	164
Depreciation of plant and equipment and amortisation of intangible assets	217	179
Movements in inventories, receivables and liabilities	-126	-54
Other operating activities	-101	-103
Net cash flows from operating activities	195	186
Investments in property, plant and equipment and intangible assets	-168	-234
Disposals of property, plant and equipment, intangible assets and assets held for sale	9	5
Received repayments and loans issued	5	15
Acquisitions, net of cash and cash equivalents	-7	-2
Net cash flows used in investing activities	-161	-216
Dividends paid to owners of non-controlling interests	-13	-43
Interest paid to holders of member bonds	-43	-36
Interest-bearing borrowings drawn	751	752
Repayment of interest-bearing borrowings	-618	-603
Lease liabilities paid	-31	
Investments in non-controlling interests		-2
Settlement of derivatives and other	-3	2
Net cash flows from financing activities	43	70
Net cash flow	77	40
Cash and cash equivalents at 1 January ¹	224	193
Net cash flow	77	40
Currency translation differences on cash and cash equivalents	8	1
Cash and cash equivalents at 30 June ¹	309	234

¹ Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of FrieslandCampina's cash management.

Performance Business Groups

Consumer Dairy

Millions of euros, unless stated otherwise	2019 first half-year	2018 first half-year	Δ%
Revenue	2,887	2,775	4.0
Revenue before currency translation effects	2,844	2,775	2.5
Operating profit	▲		
Price effect on revenue	▼		
Volume trend	1.9%		
Volume-mix effect on revenue	1.7%		

The growth in FrieslandCampina Consumer Dairy's total sales volume started in the second half of 2018 continued in the first half of 2019. Sales volumes of branded products in particular showed strong growth. In Pakistan, volumes of consumer brands Olpers and Tarang grew in double digits in a volatile market. This after successful product relaunches last year and new product launches this year. However, the increased sales volumes has not yet led to an improvement in results. There was also clear growth in sales volumes in Africa. In most Asian countries, the sale of branded products increased, mainly driven by dairy-based beverages. Sales in Eastern and Southern Europe also increased, particularly in Hungary and Romania. In

Western Europe where dairy consumption continued to be under pressure, brands such as Chocomel and Campina experienced growth. In the Netherlands the introduction of dairy with the 'On the way to PlanetProof' quality label was a success. PlanetProof dairy complies with high standards relating to animal, nature and climate. The number of member dairy farms that supply milk with this sustainability quality label has now risen to more than six hundred. Acquisitions made at the end of last year in Spain (Millán Vicente), the Netherlands (Best Cheese with its brands Parrano and Tjjezi) and the United States (Best Cheese and Jana Foods) were successfully integrated.

Specialised Nutrition

Millions of euros, unless stated otherwise	2019 first half-year	2018 first half-year	Δ%
Revenue	607	590	2.9
Revenue before currency translation effects	591	590	0.2
Operating profit	▼		
Price effect on revenue	▲		
Volume trend	-0.7%		
Volume-mix effect on revenue	-5.6%		

FrieslandCampina Specialised Nutrition experienced a challenging first half year, but managed to maintain its positions in the most important markets. Following a difficult year, the Friso infant nutrition brand once again experienced growth in revenue and market share in Hong Kong. The sale of infant nutrition in China continued to be under pressure. On the one hand this is due to competition

from local players, and on the other hand, because the production of Friso Prestige lagged demand due to the global shortage of the lactoferrin ingredient. Sales in the Middle East and Nigeria by contrast experienced double-digit growth. Sales of infant nutrition also performed well in Indonesia. The e-commerce sale of infant nutrition grew throughout the world.

Ingredients

Millions of euros, unless stated otherwise	2019 first half-year	2018 first half-year	Δ%
Revenue	895	851	5.2
Revenue before currency translation effects	887	851	4.2
Operating profit	▼		
Price effect on revenue	▲		
Volume trend	5.5%		
Volume-mix effect on revenue	0.5%		

FrieslandCampina Ingredients' sales volume and revenue increased. The sale of value-added products, on the other hand, fell due to production restrictions. The breakout of swine fever in Asia and Africa resulted in disappointing

animal feed sales. The sale of pharmaceutical carriers through DFE Pharma showed recovery and once again grew in the first half of the year.

Dairy Essentials

Millions of euros, unless stated otherwise	2019 first half-year	2018 first half-year	Δ%
Revenue	1,273	1,499	-15,1
Operating profit	▲		
Price effect on revenue	▼		
Volume trend	-27.8%		
Volume-mix effect on revenue	-14.5%		

The performance of FrieslandCampina Dairy Essentials in the first half of the year was good. The volume mix improved. More farm milk was used in value-added products, such as cheese, and less in basic dairy. In line with the strategy, growth in cheese was driven by, among other things, growth in new cheese types, special cheese

concepts that meet specific market needs and geographical expansion. New markets were also developed for milk powder and butter. Investments were made in production capacity improvement, further optimisation of operational costs and partnerships.



Every day Royal FrieslandCampina provides millions of consumers throughout the world with dairy products with valuable nutrients from milk. FrieslandCampina produces and sells consumer products such as dairy-based beverages, infant nutrition, condensed milk, cheese and desserts. Cream and butter products for professional customers are supplied to bakeries and catering companies. FrieslandCampina, furthermore produces and sells ingredients and semi-finished products to manufacturers of infant nutrition, the food industry and the pharmaceutical sector.

Annual revenue amounted to 11.6 billion euros in 2018. FrieslandCampina's activities are divided into four worldwide business groups: Consumer Dairy, Specialised Nutrition, Ingredients and Dairy Essentials. FrieslandCampina has branches in 34 countries and employs about 24,000 people. The central office is based in Amersfoort, the Netherlands. The Company is fully owned by Zuivelcoöperatie FrieslandCampina U.A. and with over 18,000 member dairy farmers in the Netherlands, Germany and Belgium, one of the world's largest dairy cooperatives.

For more information, please visit our website www.frieslandcampina.com.

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