



## PRESS RELEASE

Amersfoort, 6 February 2014

# Nutreco moves closer to core businesses

- **Nutreco reviewed business opportunities; concludes that strategic fundamentals of the strategy 'Driving sustainable growth', continue to be valid and strong**
- **Management addresses intended divestment of large non-core businesses and market reality through new organisational structure, providing better execution power**
- **New organisational structure also enhances innovation, partnerships and building up a portfolio of higher value-added nutritional solutions**
- **Viggo Halseth, Chief Operating Officer Aquaculture, becomes Chief Innovation Officer in the new Executive Committee with effect from 6 February 2014 and will step down as member of the Executive Board. Jerry Vergeer, Chief Operating Officer Animal Nutrition and member of the Executive Board will step down from the Executive Board as per 6 February 2014. He will leave Nutreco with effect from 1 July 2014**
- **The intended divestment, fewer sizeable value-creative acquisitions than foreseen and market developments in Norway leads to adjustment of the previous financial guidance to achieve €400 million EBITA by 2016**
- **New guidance: EBITA-margin to increase in the range from 5.5% to 6.5% (2013: 5.6%). Average organic sales volume growth Animal Nutrition 3% and Fish Feed 5%. Existing value-creative acquisition strategy maintained**

**Knut Nesse, CEO Nutreco:** "After careful consideration we intend to divest a large part of our non-core businesses. As part of this process and in response to the market reality we have reviewed our business opportunities. We have concluded that the fundamentals that underpin our strategy 'Driving sustainable growth' remain strong. The intended divestment of our compound feed and meat businesses in Spain and Portugal brings us closer to our core growth businesses and markets. Accordingly our organisational and management structure will be adjusted. The new top structure better aligns our strategic priorities and provides better execution power. Innovation is our key growth driver and will help us to fulfil our mission 'Feeding the Future'. As a consequence we have established a Chief Innovation Officer function responsible for driving the innovation agenda, building strategic partnerships and improving strategic marketing. I am very pleased that Viggo Halseth has accepted this important new role; he is one of our most experienced managers with a career of 30 years in Nutreco. I am confident that the new organisational structure of Nutreco will provide a strong foundation to bring us sustainable growth in the years ahead."

### **Market driven organisational structure aligns strategic priorities and execution**

The intended divestment of the compound feed and meat businesses in Spain and Portugal and the growth in global products have brought Nutreco closer to its core growth segments Animal Nutrition and Fish Feed. To accelerate the progress on the strategic agenda of "Driving sustainable growth" the new structure will increase execution power. The new structure also enhances our key strategic drivers of innovation, partnerships and building up a portfolio of higher value-added nutritional solutions. These changes are a logical step to enhance our worldwide leadership position in animal nutrition and fish feed. Fundamental in the new structure are key functional areas such as innovation, partnership management, strategic marketing, sourcing and human resources anchored

globally. The business structure will consist of two global business units (Salmon Feed and Feed Additives) and three regional business units (Americas, Asia and EMEA) that provide enough scale and execution power to accelerate growth into new markets.

The Executive Board will consist of CEO Knut Nesse and CFO Gosse Boon. In addition to the CEO and CFO, the new Executive Committee will consist of the business unit managing directors Martijn Adorf (BU Feed Additives), Steven Rafferty (BU Salmon Feed), Hugues LeRuz (BU Americas), Harm de Wildt (BU EMEA) and the Managing Director for BU Asia (to be announced shortly), as well as Viggo Halseth (Chief Innovation Officer) and Nalin Miglani (Chief Human Resources & Corporate Development Officer).

### **Changes to Executive Board**

As a result of the new top structure, the Supervisory Board and Jerry Vergeer, Executive Board member and COO Animal Nutrition, have mutually agreed that he will step down from the Executive Board as per 6 February 2014 and will leave Nutreco as per 1 July 2014. Viggo Halseth, COO Aquaculture will also step down from the Executive Board as per 6 February 2014 and will become Chief Innovation Officer and member of the Executive Committee.

Jerry Vergeer has had a successful career since joining the company in 2007 as managing director of Nutreco Canada. In 2009 Jerry Vergeer joined the Executive Board as Executive-Vice President Agriculture (compound feed and meat business). In 2011 the Agriculture and Specialties division were merged into a global Animal Nutrition division and Jerry Vergeer became the Chief Operating Officer of this division.

**Knut Nesse, CEO Nutreco:** “We respect the decision of Jerry Vergeer to leave Nutreco. He has made an outstanding contribution to Nutreco’s global Animal Nutrition business since 2007 and we wish him all the best in his future endeavours.”

### **New business and market reality**

The intended divestment of the compound feed and meat businesses in Spain and Portugal enhances Nutreco’s focus on the core growth segments Animal Nutrition and Fish Feed. The long term growth trends for these segments are favourable. In a world with limited natural resources and a growing population, there is a rising demand for high quality meat, milk, eggs, fish and shrimp. Nutreco will be the global leader in innovative and sustainable nutritional solutions that best support the performance of animals, fish and shrimp. The long term average organic growth rate in Fish Feed is approximately 5% per annum. However for the short term the revenue growth may be tempered due to the decision made by Nutreco’s largest salmon feed customer Marine Harvest to invest in feed capacity in Norway. Nutreco aims to maintain its global market leadership in salmon feed but also diversifies into feed for other fish species in order to reduce its dependency on the salmon feed market. Nutreco’s ambition is to also grow through value creative acquisitions. Nutreco remains committed to a financially disciplined execution of this strategy. It concludes that there are less sizeable value creative acquisitions than foreseen. In the new structure Nutreco will focus on organic growth driven by innovation and partnerships and will continue to pursue value-creative acquisition opportunities.

### **New business and market reality leads to adjustment financial guidance**

Nutreco remains fully committed to its strategy ‘Driving sustainable growth’ and the fundamental drivers that underpin this strategy. In November 2011 Nutreco set a target to achieve € 400 million EBITA by 2016 within its strict financial framework. Nutreco revised its financial guidance due to the intended divestment of the compound feed and meat businesses in Spain and Portugal and the new market reality.

Nutreco drives total shareholder return by growing its operational results, both organically and through acquisitions, in combination with a strong cash flow and a solid balance sheet. The new financial guidance is:

**Nutreco:**

- Operating margin, defined as EBITA including corporate costs and before exceptional items divided by revenue, targeted to increase over time in the range from 5.5% to 6.5% (2013: 5.6%)
- Return on average capital employed of at least 15% (2013: 17.9%)
- Existing value-creative acquisition strategy maintained

**Animal Nutrition:**

- Operating margin, defined as EBITA before exceptional items divided by revenue, targeted to increase over time in the range from 6 to 7 percent (2013: 6.1%).
- Average organic sales volume growth: 3% (2013: -0.8%)

**Fish Feed:**

- Operating margin, defined as EBITA before exceptional items divided by revenue, targeted to be in the range from 6 to 7 percent (2013: 6.4%).
- Average organic sales volume growth: 5% (2013: -1.4%)

**Strategy: 'Driving sustainable growth'**

Nutreco's strategy 'Driving sustainable growth' is to grow and improve profitability by providing innovative and sustainable nutritional solutions for its customers. This will be realised by focusing on a higher value added portfolio of nutritional solutions such as premixes, feed specialties and fish feed, and by expanding into the growth geographies of Latin America, Russia, Asia and Africa, which will see the largest increases in both production and consumption of animal protein food products.

END OF PRESS RELEASE

**Note to the editor (not for publication)**

This press release is also published in Dutch. In the event of differences, the English language version shall prevail as the authoritative version.

**Nutreco**

Nutreco is a global leader in animal nutrition and fish feed. Our advanced feed solutions are at the origin of food for millions of consumers worldwide. Quality, innovation and sustainability are guiding principles, embedded in the Nutreco culture from research and raw material procurement to products and services for agriculture and aquaculture. Experience across 100 years brings Nutreco a rich heritage of knowledge and experience for building its future. Nutreco employs approximately 7,500 people in 30 countries, with sales in 80 countries. Nutreco is listed on the NYSE Euronext stock exchange in Amsterdam and reported annual revenue of continuing operations of € 3.9 billion in 2013.

[www.nutreco.com](http://www.nutreco.com)

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**Cautionary note regarding forward-looking statements**

This announcement contains forward-looking statements. Forward-looking statements are statements that are not based on historical fact, including statements about our beliefs and expectations. Any statement in this announcement that expresses or implies our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. Such statements are based on plans, estimates and projections as currently available to the management of Nutreco. Forward-looking statements therefore speak only as of the date they are made and we assume no obligation to publicly update any of them in the light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of significant factors could therefore cause actual future results to differ materially from those expressed or implied in any forward-looking statement. Such factors include but are not limited to conditions on the markets in Europe, the United States and elsewhere from which we derive a substantial portion of our revenue, potential defaults on the part of borrowers or trading counterparties, the implementation of our restructuring programme including the envisaged reduction in headcount

and the reliability of our risk management policies, procedures and methods. For more information on these and other factors, please refer to our annual report. The forward-looking statements contained in this announcement are made as of the date hereof and the companies assume no obligation to update any forward-looking statement contained in this announcement.