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Supervisory Board of Directors

Mrs A.M. Fentener van Vlissingen, Chairman
R.W.J. Groenink, Deputy Chairman
P.J. Kennedy, Deputy Chairman
A.D. Boer (as of 12 April, 2019)
W. Dekker
J.M. Etlin
R.J. Frohn
Ph.C.O.E.A. von Hammerstein-Loxten
R.J.M.S. Huët (until 12 April, 2019)
Ms P. Mars Wright
M.L. Mautner Markhof
Mrs M.J. Oudeman

Executive Board of Directors

J.P. Drost, CEO
R. Kandelman
F.J.C. van Lede
F.F.J. de Ryck

Staff

Company Secretary	J. van Klink (until 14 October, 2019) B. van Hunnik (as of 14 October, 2019)
Financial and Economic Affairs	C. Dekker
Human Resources	J.C. de Vries

SHV at a glance



SHV is a privately held family company with a strong position in a number of operational areas and selected investment activities.



Energy distribution

SHV Energy provides low-carbon and clean energy solutions to business and residential customers in over 25 countries across four continents. It is a leading global distributor of off-grid energy including LPG, small-scale LNG and biofuels.



Cash-and-carry wholesale

Makro is a food cash-and-carry company targeting professional food customers as well as end-consumers and differentiates itself from competition with a well-known own brand assortment and a fresh food offering. Makro is present in Brazil, Argentina, Colombia, Peru and Venezuela and operates 165 stores.



Heavy lifting and transport

Mammoet helps clients with Smarter, Safer and Stronger solutions to any heavy lifting or transport challenge. Through deep and longstanding engineering expertise, combined with the highest quality and safety standards, Mammoet brings an intelligent and flexible approach to projects across a wide range of industry sectors.



Industrial services

ERIKS is an international industrial service provider. As a multi-product specialist it offers a wide range of high-quality mechanical engineering components and associated technical and logistical services. ERIKS has branches in Western Europe, the US and South East Asia.



Animal nutrition and aquafeed

Nutreco is a global leader in animal nutrition (Trouw Nutrition) and aquafeed (Skretting) and has offices in 37 countries and sales in over 90 countries. Its advanced feed solutions are at the origin of food for millions of consumers worldwide.



Private equity investments

NPM Capital invests in medium-sized companies in the Benelux region, supporting them so they can complete the next growth phase of their development. The current portfolio comprises 25 companies with both majority and minority stakes and include growth capital.



Oil & gas investments

SHV owns 49% of ONE-Dyas, the largest privately-owned Dutch oil & gas exploration and production company. Its core area of interest is the oil & gas basins of the North Sea.



Foreword

For SHV and its Groups, 2019 was a challenging year that was characterised by a number of global political and economic factors. These ranged from trade restrictions, climate change and declining manufacturers confidence to a lower growth in China.

In addition, the Groups also had local, operational and internal issues that resulted in a lower performance of SHV. Going forward, we will continue to find ways to improve operational performance.

SHV is a family owned business. Our focus is on realising sustainable profit growth and preserving our company for the generations to come. This long-term view is a constant in every step we take. That means there are times when we need to take difficult decisions to secure our growth. This year, it became clear that the challenging situation for Makro in the Brazilian market required us to review our options and find the best way forward. This resulted in the decision to sell or rent-out a number of stores.

The year was further marked by two other important events within SHV:

In April, the merger of Dyas with Oranje Nassau Energie was finalised. This resulted in a new combination called ONE-Dyas, the largest privately-owned Dutch oil & gas exploration and production company. For over 50 years, Dyas has been part of the SHV family and we believe this is an exciting next step for its further development. Having a 49% share in ONE-Dyas ensures our continuing engagement and support.

In July, Mammoet announced the acquisition of ALE. This followed in-depth discussions with the Executive Board on the benefits of creating this large global heavy lifting and transport company. We welcome our more than 2,000 new colleagues from ALE and look forward to a promising future.

The Supervisory Board of Directors (SBD) was in regular contact with the Executive Board of Directors (EBD) during meetings and conference calls. At these meetings, the SBD was updated on the performance of the Groups, the progress on the implementation of strategic objectives as well as the execution of specific projects such as large IT implementations. In addition, several significant investment proposals and business development initiatives were discussed, sometimes together with representatives of the Groups. Special attention was paid to the proposed integrated approach to sustainability, including the three focus areas that were chosen. Making sure that our employees have a safe working environment, that we focus more on having diverse and inclusive teams and combining our efforts to reduce our carbon footprint all contribute to our long-term tradition of sustainable growth. Furthermore, the Board received updates on topics such as safety, digitalisation, performance management and matters relating to ethics and compliance.

In June, the SBD visited ERIKS Digital, in Amsterdam, to learn more about ERIKS' business and its digital innovations. During the visit, the innovation initiatives of SHV Energy and Nutreco were also presented in detail. The Board was impressed by the number and quality of the projects and sees that the ambition to embed innovation in the day-to-day business of the Groups is showing results. Being open to innovation and change is essential, in line with the entrepreneurial spirit that SHV has always had.

At the Annual General Meeting of Shareholders in April, Mr R.J.M.S. Huët stepped down from the SBD. We sincerely thank Mr Huët for his excellent contribution to the Board and we will miss his sharp observations during our meetings.

At the same time, Mr A.D. Boer was appointed as member of the SBD. Mr Boer knows SHV well, as he started his career at SHV. With his extensive business knowledge and experience from Ahold, Mr Boer strengthens the Board and will undoubtedly make valuable contributions to its meetings.

In addition, the Chairman of the SBD, Mrs A.M. Fentener van Vlissingen, was reappointed for a period of four years.

To our regret, but with understanding, Joost van Klink decided to step down as Company Secretary after a 20-year career at SHV. We sincerely thank Joost for his commitment and support over so many years, and we will miss him as a great colleague with a good sense of humour. We wish him well on his future endeavours.

People are at the heart of SHV. Without our colleagues all around the world, we could not be successful. We would like to thank all of them for their commitment and the efforts they made during the year. The members of the EBD have, throughout this difficult year, continuously shown their leadership and support to the people of SHV. We want to extend a special thank you to them.

Utrecht, 12 March 2020

On behalf of the Supervisory Board of Directors,

A.M. Fentener van Vlissingen
Chairman

Vision

SHV is a privately held company with a strong position in a number of operational areas and selected investment activities. SHV operates globally and is organised decentrally to ensure our diversified businesses can operate close to their customers and maintain loyal customer relationships. As a company, we aim to achieve sustainable growth in each of our activities through improving operational performance and prudent acquisitions.

History

We started as a coal trader in 1896, and since then have continually moved, changed and adapted to an evolving global and business environment. When after World War II demand for coal began to decline in the Netherlands, we moved into supplying oil, oil products and liquified petroleum gas throughout Europe. In the 1960s, when the Dutch coal market collapsed following the discovery of huge natural gas reserves, we adapted to the new market circumstances by diversifying into technical installation, construction, shipping, technical equipment trading and wholesale cash-and-carry.

Diversification came to a halt in the 1980s when SHV refocused on trading in energy and consumer goods. The company's LPG distribution activities and Makro stores were consolidated and expanded internationally.

Over the years, the Makro activities in Europe and Asia were divested, as were our metal recycling activities. We acquired NPM Capital, a private equity company; Mammoet, a heavy lifting and transport company; ERIKS, an international technical service provider and Nutreco, a leading player in animal nutrition and aqua feed. The focus has always been on realising sustainable profit growth and preserving SHV for the generations to come.

Delivering the promise

Good, sustainable operational performance combined with a successful long-term strategy are important to the future of SHV. We seek to expand organically and through prudent acquisitions. New business activities, within the existing companies, are explored and developed, bringing challenges and opportunities.

People at the heart of SHV

Our people embody our values, support our culture and build the company's success and have always been at the heart of our organisation. Having similar shared People objectives are the fundamentals to stimulate alignment and prioritise what is important for the execution of the SHV strategy. We understand that a long-term people strategy is needed to instil a long-term commitment to the business among our employees. We encourage people to take responsibility for their work and we stimulate them to be entrepreneurial. Knowing that our people are capable of meeting the challenges of today gives us confidence in the future of our company. This is why we prefer to promote people from within. We invest in our people by offering challenging careers. This is complemented with specific training and development programmes aimed at growing our current and future leaders.

Our People objectives include a focus on the talent pipeline to ensure we have sufficient, diverse and capable successors for senior leadership positions now and in the future. Furthermore we aim to increase diversity in senior leadership positions and talent pipelines in order to enhance performance in the management teams and boards. Optimising the organisational development in order to drive change more effectively is another important element.

Shared values

SHV's culture, based on our shared values, reflects its professionalism, entrepreneurship and reliance on common sense. Mutual respect is the basis for sound working relationships.

Our most important values are integrity and trust.

Integrity means being honest, genuine and totally open in communications about all matters which concern the company. Good news may travel slowly, bad news should travel quickly. We trust our people to put their best effort into working for the company, its progress and achieving success within their capabilities and in line with our values.

Corporate Philosophy

The corporate philosophy outlines our values, ensuring every employee, customer, and supplier knows what we stand for.

Growth through performance

SHV optimises its business, eyes are always kept open for opportunities. Everyone works as a team for better results. Hierarchy and bureaucracy are kept to a minimum. Shareholders are not looking for inflated quarterly or annual results, but for sustainable profit growth. Shareholders accept the risks of new endeavours.

Go for niche and market share

By looking for niche markets, SHV will not go for general trends or fashions. The company will establish itself as a leading participant in relevant markets.

Invest in people

People are the heart of the success of the company. Investing in employees means:

- trusting people
- giving people responsibility
- encouraging creativity and initiative
- coaching and training people
- rewarding excellence

It is important to motivate by example, smile and find contentment in the job. It is important not to blame people. Everybody makes mistakes. To blame is to be negative. If integrity and trust are undisputed, a mistake might be the start of better management.

Manage change

Change is everywhere and everything changes. It is important not to be blind or deaf to change. Change creates opportunities.

Change should be analysed, discussed and evaluated with one another, and it must be seen as a challenge.

Change is the oxygen for the company, it must be managed with understanding and wisdom.

Look for the unusual

The unusual is interesting. The unusual challenges intellect and creative spirit. At all levels employees are invited to look for the unusual and see how it can help SHV. This is essential for success. The unusual may be exactly what can differentiate the company.

Listen, learn and react

No one knows everything, we all know something. By listening to other people's ideas and thoughts, horizons are widened.

To listen before speaking is to learn. Wise men and women benefit from the knowledge of others. Only after listening and learning one should decide to react. Never forget that to do nothing is also a decision.

Keep things simple

Life only seems to be complicated. Technicalities are complicated, good business is not. Choices and decisions are difficult at times, not complicated. It helps to put thoughts on any subject on a single piece of paper – it helps clarify the mind.

Sustainability

We are in business to create a sustainable future and ongoing value, not only for our customers, partners and stakeholders, but also for society at large. We want to grow for the benefit of our shareholders and our employees as well as for the well-being of society and the environment in which we live and work. In this rapidly changing world, sustainability has to be integrated into the way we do business, targeting those areas where we can have the most impact.

In doing this, we align with the most widely used definition of sustainability that was introduced by the United Nations (UN) in 1987: meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Sustainable Development Goals



In 2015, 17 Sustainable Development Goals (SDGs) were adopted by all 193 UN Member States. These define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets. The SDGs call for worldwide action among governments, businesses and civil society to end poverty and create a life of dignity and opportunity for all, within the available resources of the planet.

As SHV, we believe the SDGs provide a new lens through which to translate the world's needs and ambitions into business opportunities. These are opportunities to rethink business models, anticipate consumer demand and build positions in growth markets, while ensuring we can leave a sustainable family of companies to the next generation.

Three focus areas

Transitioning towards a more sustainable and resilient SHV family of companies, requires taking an integrated approach that recognises that these challenges - and their solutions - are interrelated. Our Groups work on multiple topics, some of them specific to their industry or geography. However, we can have more impact on some topics when we approach them

together. As such we have defined three focus areas that contribute to SDG 8, 13 and 17. These topics were carefully selected after conducting a materiality assessment with more than 5,000 stakeholders and with backing from all SHV Groups.

Safe and inclusive working environment



With close to 60,000 employees across the globe, people are at the heart of SHV, which means we have a responsibility to ensure a safe and inclusive working environment. Many of our colleagues work in demanding roles and extreme conditions and our ambition is to ensure a safe and healthy working environment for all our employees, visitors and contractors. We aim for zero fatalities or life changing injuries due to the failure of our plant, equipment or safety management systems.

We also want our workforce to be highly engaged, fit for the future and to reflect the diversity of the societies in which we operate. We believe that diverse and inclusive teams understand and reflect their customers and stakeholders better, improve performance and are more creative and innovative. Our goal is to have a minimum of 25% women in senior leadership positions, and at least one member from a different nationality in senior management teams, by 2030. We realise that the journey to become a truly diverse and inclusive organisation will take time. So, having taken the first steps to create our initial strategy and action plan, we are also focusing on a longer-term strategy to ensure inclusivity is fully embedded.

In working towards these goals, we contribute to SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Greenhouse gas emissions



Environmental sustainability is approached locally in our businesses, and is increasingly driven by customer demand, with each Group operating differently within their industry. However, with rising greenhouse gas (GHG) emissions, climate change is occurring at rates much faster than anticipated and its effects are clearly felt worldwide. Tackling climate change is only possible if all efforts to reduce global carbon footprint are combined. Our goal at SHV is to reduce GHG emissions by at least 30%, by 2030. This target covers our direct GHG emissions, generated by business activities and indirect GHG emissions, from the purchase of fuels and electricity, used for heating, steaming and cooling.

In doing so we contribute to SDG 13: Take urgent action to combat climate change and its impacts.

Collaborate together towards our goals



In delivering against the SDGs, our efforts are added to those of many other organisations. This provides clear possibilities to combine our approach with that of our customers, suppliers and other partners in a joint effort that will enable far greater impact.

Therefore, we adopt SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.

Corporate Social Responsibility

Our approach to sustainability includes supporting the sustainable and positive development of the society in which we work and live. "Invest in people", part of our Corporate Philosophy, is the theme that underlines our commitment to social responsibility. Our social

responsibility efforts focus on education, through the "Start from the Heart" internal campaign. To offer education is to make a long-term investment in people and, ultimately, in communities. With a presence in many countries all over the world, our Groups are uniquely positioned to understand the challenges and needs of their local communities and are encouraged to initiate and support local projects. By supporting educational programmes, we enable people to support themselves.

To recognise all the great initiatives that take place locally, a Lapwing Award is given to the best projects each year. This award encourages and acknowledges all the great work that is being done throughout SHV with respect to "Start from the Heart" activities.

Innovation

Innovation has always been part of the history of SHV: from the first use of the mechanical coal transporter in 1904 to today's diverse business portfolio with innovations such as the FOCUS crane, NutriOpt and everything in between. SHV has shown its agility in adapting to changing market circumstances with innovative solutions and business models, so finding new ways to grow.

The world is changing faster than ever, with new technologies on the rise and consumer behaviour altering rapidly. This means that SHV needs to innovate at a faster pace as well. This continuous focus on innovation enables us to stay ahead in the markets in which we operate and to contribute to the sustainable future of our company. However, there might be some time before innovation is reflected in the financial performance.

In 2017, we initiated an SHV-wide movement to accelerate innovation and stimulate further growth. Our objective was and is to embed innovation deep within all our Groups, keeping the customer's needs centre stage. We developed an approach that enables cross-Group cooperation and the exchange of best practices, while at the same time taking into account the differences in industries and market maturity. Each Group now has a dedicated "Innovation Lead" to focus on delivering innovative products, services and process improvements by managing innovation funnels and ideas.

Stimulating cross-Group collaboration and knowledge exchange enhances the innovative capabilities of all involved. First, we benefit from the experience gained in specific projects. Second, we benefit from inventions already researched and developed elsewhere within SHV. Using Yammer, the cross-Group social platform, we exchange ideas, ask questions and discuss problems. Our digital capabilities are one beneficiary of this approach as this enables us to accelerate project implementation based on experience gained within SHV. Not having to reinvent the wheel accelerates our problem-solving capabilities and means we can quickly adjust and optimise our operational activities and customer propositions.



Ethics and Compliance

SHV has always been committed to achieving the highest standards of Ethics and Integrity, where people are expected to refrain from business decisions that conflict with our values.

We act with integrity, in line with the law and our policies. This is a responsibility of every person working at SHV. Every day, we pay attention to the importance of doing business in a compliant and ethical way in line with the culture of SHV: a culture in which SHV has never tolerated and will never tolerate unethical or unlawful behaviour. If we come across irregularities, we investigate immediately and action will be taken.

SHV management is responsible for sustaining this commitment. Independent Ethics & Compliance departments in all companies provide insights into expected behaviour and support management to take their responsibility. The Ethics & Compliance departments also provide people with the right tools when working under challenging circumstances or facing dilemmas. At SHV Holdings, an Ethics & Compliance framework and policies is in place. The SHV Groups are responsible for implementing and continuously updating this framework in their organisations. The E&C function works closely with, amongst others, management, HR, Legal and Audit.

As part of the Ethics & Compliance programme, SHV offers a company-wide service and safe environment for all employees and other stakeholders to voice any concerns about workplace practices. This service, called "Speak Up", is a confidential whistleblowing phone line and webservice that is used throughout SHV.

Taken together, the steps and policies outlined above help us to meet our strong commitment to maintain our culture of integrity and trust.

Tax

As SHV is committed to achieving the highest standards of Ethics and Integrity, we believe it is our obligation as a responsible taxpayer to comply with the tax legislation of the countries in which we operate and pay the right amount of tax at the right time. SHV not only complies with the letter of the law, but with its spirit too.

We employ business structures that are aligned with our business activities. These structures are driven solely by commercial considerations. We only make use of tax incentives that are aligned with business activities and operational objectives, generally available to all market participants and specified by law. As such, tax always follows the business.

We pay tax on profits according to where value is created within the normal course of our business activities. We do not use aggressive tax planning strategies or tax havens to minimise our tax burden. The transfer pricing of intercompany transactions is done in accordance with the arm's length principle developed by the Organisation for Economic Co-operation and Development (OECD) and is applied consistently.

SHV maintains good working relationships with the relevant tax authorities. These relations are based on transparency and trust and we engage with honesty, integrity and respect.

Highlights 2019

The global environment was challenging and volatile, with both positive and negative conditions. The world economy as a whole grew by approximately 3%, but regional disparities resulted in different growth levels in various countries, and several faced unsettling political conditions. The ongoing trade dispute between the US and China negatively influenced business sentiment and confidence globally. In addition, the uncertainties concerning Brexit had a negative effect on growth in the UK and the rest of Europe, with businesses postponing investments.

All these developments had an impact on the operating environment of the Groups. In addition, Group-specific local, operational and internal issues affected performance. In Brazil, a tax issue related to Cesta Basica that began in 1994, reached a final ruling by the Supreme Court, and had a significant negative financial impact on the cash-and-carry sector, including Makro. Competition in the Brazilian market was intense and the situation in Venezuela remained extremely difficult. Warmer weather in Europe and economic slowdown in Brazil and Turkey negatively influenced the volumes of SHV Energy. However, due to higher margins, net customer creation and acquisitions, results were higher. Mammoet, operating in a late cyclical business environment, continued to experience severe pressure on sales and margins. Difficult market circumstances combined with loss of market share resulted in a lower sales for ERIKS, the impact of which could not be fully compensated by efficiency measures. At Nutreco, difficult market circumstances in Spain and severe competition in salmon feed impacted the business. However, the shrimp feed market remained strong. Results of NPM Capital were higher as a result of divestments. Lower oil & gas prices made the upstream business environment for ONE-Dyas challenging.

The challenging situation for Makro in the Brazilian market required us to consider our options and find the best way forward. This resulted in the decision to sell or rent-out a number of stores, so enabling management there to focus on the further development of the operations in the State of São Paulo and set a new strategic direction towards sustainable profitability. The divestment process will be executed and finalised in 2020.

Throughout the year, a wide range of operational, organisational and efficiency focused actions were taken to improve performance. Unfortunately, this also meant we had to let go of over 4,000 colleagues. Despite these steps, the performance continued to be below desired levels. For SHV, this resulted in an income from operations, adjusted for exceptional items amounting to € 236 million, of € 541 million. Efforts to address the aforementioned issues are ongoing and will continue to be the main focus of attention in 2020.

A significant achievement was Mammoet's agreement, that was closed in 2020, to acquire British heavy lifting and transport specialist ALE, so creating a leading global company in the heavy lifting and transport sector. The merger between Dyas and Oranje Nassau Energie was finalised in April 2019, creating ONE-Dyas, the largest privately-owned Dutch Oil & Gas exploration and production company of which SHV owns 49%.

The world is increasingly digital, a development SHV follows closely. During the year, we began a programme to develop tools, processes and culture that will turn SHV into a more insights driven organisation. Several systems were installed to efficiently capture financial data and an analytics platform was developed to capture non-financial data. This platform will support automated reporting, advanced analytics and insights generation through artificial intelligence and machine learning capabilities.

Digital insights provide valuable and relevant information to further strengthen performance management. A start has been made with designing data-based models that provide more insights into the present and future performance of the Groups. These models combine both internal and external data such as commodity prices, weather forecasts and macro-economic variables. Visualisations of these insights in dashboards support informed operational and strategic discussions on how to improve and further optimise the businesses.

Becoming more digital also requires us to pay more attention to information security. Hence, we further enhanced global security through the stricter follow-up and monitoring of security improvement. A global security awareness campaign was rolled out to the Groups to further educate users on the risks associated with using information and systems. Furthermore, we founded a global Security Operations Centre, to monitor and proactively identify cyber risks, threats and vulnerabilities. This enables us to take immediate action when necessary.

People are always at the heart of SHV and we designed a new Emerging Talent Strategy that includes the creation of several career tracks and relevant developmental positions. On executive level the clear majority of roles were filled by internal candidates, as a result of our structured succession planning and leadership development. In addition, two new leadership development programmes for senior leaders were implemented, amongst others focusing on digital innovation. In line with our values, Diversity and Inclusion has always been an important topic and is sponsored with full engagement and commitment from the Executive Board. Together with the management of the Groups, a strategy has been designed that will improve gender and nationality diversity to broaden thinking styles and to foster and encourage inclusive behaviour to realise the benefits of the different thinking styles.

While sustainability has always been high on our agenda, the SHV Sustainability strategy was made more explicit. In close cooperation with the Groups, we defined three focus areas that contribute to the United Nations Sustainable Development Goals. Our approach is further explained on page 11 of this report.

The Ethics and Compliance department put particular effort into improving periodic risk identifications. The goal is to monitor changes that arise from new and existing national and international laws, regulations, industry standards, norms and shifts in society that apply to our businesses. The investigation by the Dutch public prosecutor into alleged non-compliance with laws and regulations at ERIKS and Mammoet, is ongoing.

Looking ahead, all the topics that mattered to SHV in 2019 will continue to be important in 2020. Geopolitical issues will dominate global developments. The US will have a presidential election, the UK has left the EU but the future relationship remains to be settled. As for economic developments, growth expectations for Latin American countries and the Middle East are optimistic, but the prognoses for Europe, China and the US are less positive and could result in lower global economic activity. Trade restrictions will impact world economies and the restrictive measures following the outbreak of the Corona virus will significantly affect global growth. Discussions about measures to reduce environmental impact will become more heated and influence business.

Together with the management of the Groups, we will remain focused on finding solutions to solve their operational and internal issues and optimise overall operational performance. At the same time, we will closely monitor global geopolitical developments to make sure that we can take the right actions to address situations as they occur.

Financial overview 2019

In 2019, SHV's financial performance resulted in a net income of € 428 million (2018: € 502 million). The decrease compared to last year was the result of a lower operational performance, significantly higher exceptional items, including costs to right-size the business for future purpose and an unfavourable court ruling related to Cesta Basica tax claims in Brazil. These negative effects were partly offset by the book gain on the divestment of the 51% share in Dyas following the merger with Oranje Nassau Energie.

Net sales in 2019 amounted to € 19.2 billion, a decrease of 4.5% compared to last year (2018: € 20.1 billion). Adjusted for currency translation effects, sales decreased by 2.8%. The devaluation of, amongst others, the Argentina peso, the Turkish lira, the Brazilian real and the Venezuelan bolivar against the euro caused a negative effect on sales of € 300 million.

Income from operations of € 305 million, decreased with € 308 million compared to 2018 (€ 613 million) significantly impacted by the deconsolidation of Dyas and exceptional items (2019: € 236 million, 2018: € 27 million) primarily as a result of the Cesta Basica tax claims, reorganisations across the Groups and the decision to sell and rent-out Makro stores outside the State of São Paulo. Adjusted for exceptional items, income from operations was € 541 million (2018: € 640 million). This decrease is mainly caused by lower operational performance in various Groups.

Adjusted for exceptional items and a positive foreign currency translation effect, the operational performance of the SHV Groups showed mixed results compared to 2018. The performance of SHV Energy improved; higher volumes and margins were realised despite warmer weather in Europe. Nutreco performed in line with last year, with like-for-like volume growth in both Skretting and Trouw Nutrition, mainly due to a strong demand and higher margins in shrimp feed and the growth in Asia and Africa. Makro performed slightly below last year, impacted by a challenging market environment in Brazil and hyperinflation in Argentina and Venezuela. The operational performance of Mammoet decreased compared to 2018 under challenging market conditions and strong competition. ERIKS performed below last year driven by lower sales which was not fully compensated by strict cost measures.

In 2019, the effective tax rate decreased from 24.4% to 18.2% amongst others due to recognised deferred tax assets in various Groups, tax exempted book gain on the divestment of the 51% share in Dyas as part of the merger with Oranje Nassau Energie and higher tax exempted results at NPM Capital compared to last year.

The operational cash flow of € 927 million was driven by SHV Energy, Nutreco and NPM Capital. The investment cash flow amounted to € 619 million (2018: € 1,089 million). In 2019 proceeds received from divestments amounted to € 623 million, comprising of the capital gains from private equity investments and the divestment of the 51% share in Dyas. Working capital increased by € 88 million.

A total of € 713 million was invested in operational fixed assets, mainly in gas cylinders and tanks by SHV Energy, heavy lifting and transport equipment by Mammoet and production facilities by Nutreco. NPM Capital invested in Ophen, a fast growing fin-tech company, Zorgwerk, a digital flex staffing company in the healthcare segment, Rooftop Energy, specialised in (rooftop) solar energy, and increased their investments in both Picnic, an online supermarket with free home delivery, and Suitsupply, a globally active company in formal wear. In addition, NPM Capital made several smaller investments in other existing participations. The shareholding in for example Iddink, a seller and rental of schoolbooks,

and Outdoor Life Group, a specialist in the production and distribution of garden timber and garden houses, were divested.

At the end of 2019, SHV's Group equity amounted to € 6.5 billion (2018: € 6.3 billion). During the year, an accounting error was identified at Nutreco. In previous years, inventories were incorrectly reported with a total impact on shareholders' equity of € 83.3 million negative as per 31 December 2018. The total positive effect of converting shareholders' equity in local currencies into euro amounted to € 28 million. Total liquidity amounted to € 1,007 million, and the net debt position ended up at € 519 million. The return on shareholders' equity was 7% (2018: 8%).

	2015	2016	2017	2018	2019
Results, in millions of euro					
Net sales	18,149	18,630	19,871	20,068	19,172
Income from operations	779	695	503	613	305
Income	739	687	1,252	502	428
Amortisation and depreciation	706	660	770	766	680
Income taxes	128	138	219	168	100
Dividend	287	287	289	289	251
Cash flows, in millions of euro					
Changes in working capital	340	74	(312)	(276)	(88)
Operational cash flow	1,609	1,630	1,864	806	927
Investment cash flow	(3,426)	(1,207)	(1,107)	(1,089)	(619)
Financing cash flow	(457)	(366)	(285)	(141)	(485)
Financial position, in millions of euro					
Shareholders' equity	4,970	5,478	6,208	6,175	6,381
Equity of the Group	5,137	5,637	6,378	6,279	6,489
Total assets	12,386	13,055	13,756	13,211	13,114
Ratio information					
Income as a percentage of shareholders' equity	15%	13%	20%	8%	7%
Equity of the Group as a percentage of total assets	41%	43%	46%	48%	49%
Current assets in relation to short-term liabilities	1.34	1.29	1.45	1.33	1.32
Employees, at December 31					
Nominal number	60,800	60,300	60,100	59,000	57,500
Amounts per share					
Income	101.64	94.46	172.15	69.08	58.86
Dividend	39.50	39.50	39.75	39.75	34.50

The figures for the years 2015 - 2018 have been restated.



Risks

Risks and uncertainties affect all business environments. Risk-taking is an essential part of business and a precondition for achieving adequate returns. The risk environment in which SHV is active, creates value and generates income is determined by both manageable risks and a number of external risks that are beyond SHV's control. The manageable risks include commercial, operational, financial, tax, compliance, regulatory and information technology risks, and the ability to recruit and retain employees.

The risks SHV faces, change constantly as the internal and external dynamics of the operating environments of the Groups change, especially in the continued uncertain and volatile global economic environment. To the extent possible, the likelihood and impact of possible events on SHV's business are regularly evaluated by means of risk assessments. Taking into account the competitive environment, it is essential for SHV management to continue to devote attention and to take a proactive approach to internal and external developments and their consequences for the businesses in which SHV operates. Furthermore, an area requiring constant attention from all the Groups remains the challenge of recruiting, developing and retaining qualified and talented people to ensure ongoing successful performance as well as providing a safe working place. SHV has developed and rolled out a Business Support Framework (BSF) throughout the organisation. This BSF contains SHV's minimum control standards, and this framework is instrumental in supporting the monitoring of risks.

SHV's profitability is further influenced by several other external risk factors. Geopolitical risks exist, for instance, where countries are having trade disputes or where the company owns assets in politically unstable countries, which are further compounded by potential problems related to terrorism, social unrest and the scarcity of vital resources. SHV operates in numerous countries, and as a result it has to deal with different legislation and regulations. This, together with the existence of differing business ethics in each country, results in an inherent increased risk that (local) legislation and regulations may not be fully complied with. It is therefore essential to maintain a well embedded ethics and compliance culture throughout the company. Governmental interference in business, changes in legislation, the continuing inequitable enforcement of regulations, and sudden changes in taxation and levies in several jurisdictions further add to risk and related costs. Populist government measures may also bear down on business. External risk factors also include economic factors such as inflation, changes in interest rates or commodity prices, sovereign debt crises, exchange rate policies and financial markets developments. On top of that, digital developments and cybercrime pose additional risks. For more information, please consult the Risk Management Paragraph in the Financial Statements.

Business review 2019

SHV Energy

SHV Energy is a leading global distributor of off-grid energy including LPG, small-scale LNG and biofuels. As a leading player in the energy transition, SHV Energy provides decentralised, low-carbon and clean energy solutions for business and residential customers in over 25 countries across four continents under brands such as Calor Gas, Ipragaz, Liquigas, Primagaz and Supergasbras.

The strategy of SHV Energy, "Advancing Energy Together", is a mix of organic growth, add-on acquisitions, geographic expansion, productivity improvement and advocacy for and the promotion of biofuels. Internally, the strategy involves encouraging SHV Energy's 18 business units to work together to identify and solve common challenges and leverage mutual opportunities.

In 2019, supply and demand were largely in balance worldwide and prices for LPG remained broadly steady over the year. Specifically, LPG demand for bulk supply was stable in Europe, despite the mild winter weather. The Brazilian market recovered in the second half of the year, and LPG demand continued to be healthy in China. The position of Pinnacle in the US was strengthened and volumes were added. As a next step, a restructuring process was started to grow Pinnacle into a sizable and profitable LPG company.

Digital opportunities focused on enhancing systems and processes to increase efficiency, reduce costs and create business value are an important part of securing profitable organic growth. Progress was made through the implementation of a global website infrastructure while a data-driven, digital approach to growing value from new customer creations was designed. Furthermore, a global procurement function was implemented, aiming to create savings through global category management and to increase the level of procurement compliance.

The net customer creation continued to be positive. This is not only an important indicator of organic growth, it is also instrumental in reducing the overall carbon impact by attracting new industrial and domestic customers that switch from heating oil to LPG or LNG. This was especially the case with LPG in Europe and China. LNG saw the first signs of an emerging new market: the conversion of diesel trucks to LNG.

Chama, the digital concept for LPG cylinder distribution, now operating in several Brazilian cities, took next steps in optimising the business model. The ability to pay through an app was introduced, the pricing strategy was refined and the delivery to customers further improved.

Growth was also bolstered by acquisitions. These included a terminal and large bulk customers from E.ON in Sweden, the customers and assets of Galp bulk LPG in Spain and LPG and LNG acquisitions in China. Six bulk supply companies that were acquired in the US, contribute to the density of the existing network.

During the year, the global innovation programme was expanded from four to seven business units. Initiatives to further develop innovation capabilities, such as trainings, methodologies and tools were combined with a portfolio of projects aimed at solving some of the main business challenges. In addition, a network of employees involved with innovation was created. This includes top management, project leads and innovation ambassadors. More than 60 initiatives are currently active around the world in areas such as customer experience, new business models and smart operations.

In delivering on its purpose of "Advancing Energy Together", the supply of BioLPG was steadily increased, and is now available in eight European countries. To ensure further supply, an agreement was signed for the investment in a new plant for sustainable aviation fuel and the purchase of the BioLPG produced in this facility. All BioLPG feedstock is

certified for full sustainability and traceability. As part of its commitment to BioLPG, SHV Energy joined the European Biogas Association.

Safety has a strong focus in the day-to-day business where procedures and processes are constantly monitored and updated. During the year, Life Saving Rules were further strengthened and communicated. Risk Assessment and Incident and Near-Miss Management procedures were reviewed and re-issued. The next phase of the Health & Safety awareness programme that focuses on Near Miss reporting and investigation was implemented and the key Occupational Health standards and procedures were rolled out. Furthermore, an incident investigation and auditor training programme was started to develop a competent, consistent approach to safety audits.

Throughout the year, a lot of attention was paid to further embedding Ethics & Compliance (E&C) in the organisation, strengthening the E&C network, advising the business and creating awareness. The E&C focus areas are Competition law, Anti-Bribery & Corruption and for some business Trade Sanctions & Export Controls. A robust E&C risk assessment was performed to verify the risk-based E&C programme. This was followed by the development of a Code of Conduct and a Supplier Code. These codes link the relevant policies and manuals together and make it easier for employees and suppliers to understand what is expected of them.

None of the ambitions can be achieved without talented, motivated and empowered employees. To support this ambition, a self-service system was introduced that enables employees to manage more of their HR needs themselves. Also new development programmes were implemented. Several business units introduced the Lean methodology as a powerful, bottom-up way to improve their business and engage people in constant improvement. The increased focus on Diversity & Inclusion has resulted in every business unit now having at least one foreign national in its management team.

Despite warmer weather in Europe and the impact of economic slowdown in Brazil and Turkey, volumes were higher compared to 2018, supported by net customer creation and acquisitions. Favourable market price developments and selective pricing initiatives supported a healthy growth in margins. This, combined with a moderate cost development, helped in achieving a strong result in 2019.

Makro

As a result of a strategy revision and following overall market trends in its various countries, Makro started the transformation process from a traditional food wholesaler serving mainly small food retailers and HORECA customers to a modernised food cash-and-carry concept targeting professional food customers as well as end-consumers. With this new concept, Makro differentiates itself from competition with a well-known own brand assortment and a fresh food offering. With an innovative HORECA food service concept for the São Paulo market, Makro is developing additional channels based on service excellence in high density markets.

Makro is present in Brazil, Argentina, Colombia, Peru and Venezuela and operates a total of 165 stores.

Most markets in which Makro is active experienced volatile economic and political circumstances. This impacted business substantially. In addition to the challenging market



environment, overall competition in the cash-and-carry market is increasing and was particularly strong in Brazil.

Because of the ongoing challenging market environment in Brazil, a process was started to review the options to ensure future profitable growth. This resulted in the decision to sell or rent-out the Makro stores that are located outside of the State of São Paulo. The process will be executed and finalised in 2020 and is part of a restructuring to allow for focusing on the new strategic direction towards the new food cash-and-carry concept in combination with Makro food service. This will be implemented in the stores located in the State of São Paulo, based on the successful experience in that market.

Argentina continued to experience hyperinflation. A newly elected government did not lead to a decrease in political uncertainty and further reduced consumer confidence and spending. Operating in a hyperinflationary environment with stronger government controls was challenging and the focus has been on steering the profitability of the stores in these demanding circumstances. To increase customer experience, the fresh food assortment was refined and the check-out process improved. A new store was opened in Salta.

The Colombian economy showed modest growth, with increasing consumption within a relatively stable social political environment. Makro continued to focus on expanding its leading position in the cash-and-carry market that is becoming more and more competitive. In particular, hard discount formulas are strongly increasing their direct competition, mainly targeting end-consumers. A new store was opened in Valledupar.

In Peru, the leading economic indicators were positive, driven by higher employment and investments. Competition is increasing rapidly and the focus was on retaining the market leader position. This was supported by a positive development of the Net Promoter Score, as payment methods and customer service were improved and the check-out time was reduced. Two new stores were opened, in Huacho and Trujillo.

Venezuela remains trapped in an extreme hyperinflationary environment, with ongoing social and political turmoil. Governmental controls are strong and product availability is very low. Makro continues to operate in survival mode, doing well operationally considering the circumstances. The main priority is to keep the employees and customers safe.

Building Makro's future through innovation is important in staying ahead of competition. The new food cash-and-carry concept, including food services, provides the platform on which to build. An innovative 'milk run' project, that delivers a limited assortment to small restaurants and kiosks, started in Rio de Janeiro in 2017 and the next phase is being tested in Lima. Another innovation is focused on using data analytics to enhance individual customer offerings, thus enabling better customer support. Over 4,000 employees were trained to understand, test and implement new in-store solutions.

Makro is driven by strong corporate values, "Together we Make the Difference", and by a culture of doing good business. As part of the Ethics & Compliance programme, a new Code of Ethical Conduct was adopted and rolled out. This new code sets out the principles and behavioural standards by which Makro employees conduct their daily work, strengthening the culture across countries.

Continuous efforts were put into reducing greenhouse gas emissions, water consumption and waste generation. New social responsibility programmes were started in Argentina and Colombia. A guide on respect, diversity and inclusion was launched and included in the Code of Ethical Conduct. Throughout the year, many initiatives were implemented to create awareness and increase diversity among employees. Local Health & Safety teams continuously look for improvements and synergies, and these have led to a reduction in occupational risks, such as accidents involving customers, employees and service providers.

Compared to last year, sales slightly improved in local currency at Makro Argentina and Makro Peru, despite the challenging economic circumstances and the increasing competition. Makro Brazil continued to face challenges both internally and externally. A final ruling by the Supreme Court on tax issues related to Cesta Basica had a significant negative impact on the cash & carry sector in Brazil, including the results of Makro. The results were further negatively impacted following the decision to sell and rent-out stores.

Mammoet

Mammoet supports clients with Smarter, Safer and Stronger solutions to any heavy lifting or transport challenge. The company aims to develop long-term relationships in order to understand its clients' businesses and challenges best and so deliver the most efficient and cost-effective approaches. Mammoet has a unique global network and an unparalleled fleet of equipment. Through deep and longstanding engineering expertise and the highest quality and safety standards, Mammoet brings an intelligent and flexible approach to projects across a wide range of industry sectors worldwide.

In 2019, Mammoet announced its intention to acquire ALE, a British heavy lifting and transport specialist, to create a leading company in the engineered heavy lifting and transport sector. The transaction was approved by the relevant competition authorities early January 2020. Mammoet and ALE have a complementary geographical presence on all continents and a well-balanced portfolio of activities in sectors such as the petrochemical industry, renewable energy, power generation, civil construction and offshore industry. Combining the two companies enhances scalability, innovation capabilities and efficient mobilisation as well as the ability to deliver services in the safest, most efficient and cost-effective way, from single day local jobs to multi-year megaprojects.

Following the announcement, an integration plan was developed that focuses on bringing the two organisations together on a management, commercial and operational level. Efforts are aimed at creating a common language in ways of working and the quality of processes. A common Key Account Management structure will build closer customer relations, increase lead generation and support local and regional business.

Mammoet's results depend on developments in the industries it operates in and, to a lesser extent, on the general economic climate. The heavy lifting and transport market is late cyclical and in 2019 was still affected by the lack of investments in the Oil & Gas industry and its sub-segments such as petrochemical and offshore. Large Oil & Gas projects were postponed or delayed and there was little progress in ongoing projects in many of the geographies in which Mammoet operates. Because of these slow markets, competition became even stronger and more aggressive as margins were under pressure and negatively impacted businesses.

The different markets witnessed different dynamics. The US market continued to be slow, the activities in Canada West recovered reasonably where a new market approach reinstated Mammoet as a trusted, competent partner. The markets in Europe and Russia showed improvement with a good mix between the rental market, maintenance and the execution of larger projects. In Australia and Asia Pacific, Mammoet participated in a number of large wind related projects with typical challenges due to the nature of this business. Operating in the Middle East remained difficult due to low-cost competition.

During the year, Mammoet focused on further implementing the "Reshape to Win" strategy. This covers various areas of the business, such as revenue growth, diversification into other industries, improvement of Safety, Health, Environment and Quality (SHE-Q) and purchasing. To further improve efficiency, efforts were made to enhance project and contract awareness throughout the organisation. With the number of wind-related projects increasing, focus was placed on building up expertise in and knowledge of onshore wind projects.

The innovative capabilities of Mammoet are key to staying relevant as a business partner and to staying ahead of the competition. A portfolio of around 40 projects was developed for review to determine if they could become viable business propositions in the future. The FOCUS crane, designed to lift much heavier and larger modules in confined spaces, was introduced to the market and reactions were very positive.

As the market leader for engineered heavy lifting and transport, Mammoet aims to be at the forefront of sustainability efforts within the industry. To achieve this, a sustainability programme comprising four focus areas that are linked to the UN's Sustainable Development Goals has been implemented. Mammoet established initiatives and a network of sustainability groups across the regions to work towards these goals.

Managing health and safety risks is of crucial importance for Mammoet. Its SHE-Q management system meets the strictest global requirements. During the year, Mammoet introduced and implemented a new SHE-Q performance tracking tool in all regions. SHE-Q professionals received training in incident investigation and root cause analysis to further improve the quality of incident investigations. An in-house version of this training will be developed by the Mammoet Academy to be delivered to SHE-Q and Operations professionals worldwide.

Mammoet has a robust, risk-based Ethics and Compliance (E&C) programme. Considering the countries and industries Mammoet is active in, focus areas for the programme are Anti-Bribery and Corruption and Trade Sanctions. Several programmes were developed to further increase awareness about the subject, combined with a quarterly Mammoet E&C newsletter. These all had a positive effect on the clarity of Mammoet's rules on doing good business. In addition, the E&C department contributed to the due diligence of ALE.

The internal focus on having a diverse and inclusive workforce was further increased and brought about a better sense of awareness on the subject. A women's network group was established to provide women but other colleagues as well, with a safe space to start dialogues on Diversity and Inclusion topics and concerns, to discuss how to create short- and long-term solutions. The women's network group is growing and expanding in Europe and other regions. Senior female colleagues were trained to act as role models and sponsors for upcoming talents.



The litigation on the New York Wheel project continues in the courts of New York and arbitration proceedings regarding the Amuriyah project in Iraq are ongoing. A ruling is expected by the end of 2020.

Mammoet realised a positive result, however below last year's level. Market circumstances remained challenging, with strong competition. Being late cyclical, Mammoet's project business still has to fully recover from the drop in oil prices between 2014 and 2016.

ERIKS

ERIKS is an international industrial service provider. As multi-product specialist it offers a wide range of high-quality mechanical engineering components and associated technical and logistics services. ERIKS has branches in Western Europe, the US and South East Asia, serving customers in their original equipment manufacturing (OEM) and maintenance, repair & overhaul operations (MRO). ERIKS' major strength is technical know-how. The company has a deep knowledge in the areas of Sealing and Polymer & Engineered Plastics, Flow Control, Industrial and Hydraulic Hoses & Gaskets, Power Transmission, Conveying systems and Tools, Maintenance and Safety.

The most important markets in which ERIKS operates, as well as the industries it serves, faced significant challenges in 2019. Concerns around Brexit and the US-China trade war negatively impacted worldwide industrial production. In the eurozone countries, industrial output declined significantly. Germany, the eurozone's largest manufacturing producer, saw its production decline with particularly severe drops in the car and machine manufacturing industries, both important customer segments of ERIKS. In the UK, manufacturing output dropped as well, as uncertainty surrounding Britain's trading relationship with the EU and the outcome of the general election hit domestic and foreign orders. Steep falls in output were seen particularly in car production, which has suffered amid the switch to electric cars from diesel cars, which dominate the UK's output. In the US, despite a generally upbeat economy with low unemployment, total industrial production grew only modestly. A decline was visible in manufacturing, as a result of trade tariffs and a strong US dollar.

In spite of a challenging market, ERIKS' specialism in multiple industrial product categories and engineering capabilities convinced many new customers to choose ERIKS, and led existing customers to expand their business.

To better serve its customers, organisational changes were made in most of the countries in which ERIKS operates. In addition, initiatives were launched to realise continuous improvement in certain strategic focus areas, such as operational excellence, aimed to benefit clients.

Digitisation continued as online sales channels and smart asset management services were further developed. New digital services, such as a Hose Management System were launched in multiple countries.

ERIKS took significant steps in creating the foundations for future innovation. The innovation strategy was updated to adapt to changing markets, focusing on digital communications, applying new technology, co-innovating products with customers and suppliers and finding new business models. The internal "Edison" innovation platform was launched and new trainings were developed. Further investments were made in innovative services for



customers such as the Joint Improvement Programme, a pressure cooker programme to identify productivity improvements for customers.

In the Netherlands, a new Clean Manufacturing Facility was opened. This complex of a thousand square meters greatly increases the capacity for clean manufacturing and packaging, offering customers in the food, pharma and semi-conductor industries further optimisation in their supply chain, thus lowering their Total Cost of Ownership.

Together with SHV, ERIKS defined its new sustainability goals. These include reducing carbon emissions by 30% by 2030, in line with the Paris Climate Agreement. The yearly green energy consumption increased by 10%, taking the total now to 55%. A number of sites migrated to 100% green electricity and the company partnered with Rooftop Energy (an NPM Capital participation) to install solar panels on the roof of a new ERIKS production location. A number of sustainability features were launched for customers, including the Motor Calculator Tool. This enables them to see how much they could reduce energy and carbon emissions by opting for a more efficient motor.

Continued efforts to improve safety have led to positive results, demonstrated by a historically low lost time incident rate (LTIR) in 2019. Since 2016, ERIKS has seen a 49% decrease in LTIR. Continued investments were made in safety, with a successful first phase implementation of ISO 45001 certification, which represents an important milestone in the further professionalisation of the Health & Safety management.

ERIKS is committed to doing good business, meaning legal, ethical and honest. The ERIKS Code of Conduct gives guidance in day-to-day decision making. To uphold the ethical standards of this code, programmes and trainings are updated continuously. Additional efforts were made to use trainings to empower colleagues locally, ensuring the Ethics & Compliance standards are embedded in the organisation and that decisions are taken accordingly. Also, the E&C department rolled out a new compliance system to further strengthen this topic in the organisation.

ERIKS strongly believes that people are the key to its success. To improve the talent pipeline, so-called 'green seats' were identified for the leadership tracks in general management, commercial, finance, HR and operations, in alignment with the emerging talent strategy. A new performance management framework was implemented and a number of initiatives were taken to monitor and further move forward the important topics of Diversity & Inclusion in the business.

Sales were lower compared to 2018, impacted by tough market conditions arising from economic and political uncertainties as well as loss of market share mainly in North America. Competition was notably fiercer in a slower and declining market and made it difficult to increase margins. Strict cost measures were taken to align with the business reality, but these did not fully compensate the gap in sales levels. Results were further impacted by restructuring costs related to the cost saving initiatives.

Nutreco

Nutreco is a global leader in animal nutrition and aqua feed. Its advanced feed solutions are at the origin of food for millions of consumers worldwide. Innovation, sustainability and quality are guiding principles in the Nutreco culture, from research and raw material procurement to products, models and services for livestock farming and aquaculture. Nutreco

is present in 37 countries and its two global divisions, Trouw Nutrition (animal nutrition and Skretting (aqua feed, have sales in over 90 countries. Its strategic innovation and investment arm NuFrontiers, focuses on novel, potentially disruptive technologies that may, one day, become part of the global divisions.

Nutreco is positioned at the critical junction between the surging demand for proteins and supplies that are struggling to keep up. This is a momentous challenge for the industry, and the world at large, and lies at the heart of Nutreco's mission of *Feeding the Future*. In order to differentiate itself from its competitors and truly contribute to feeding the future, Nutreco constantly needs to innovate.

Nutreco's commitment to Feeding the Future translates into a zero-complacency policy for feed and food safety and the use of non-sustainable raw materials. Feed and food safety can be endangered if raw materials do not meet rigorous quality and safety standards or when errors in manufacturing processes occur. Because feed and food safety is of the utmost importance to Nutreco, the company provides tools, advice and guidance on how to maintain high quality standards beyond its own facilities. These tools help farm managers assess and maintain the quality of their raw materials.

In both divisions, commercial and operational excellence programmes were reviewed and optimised to accelerate top-line growth. Trouw Nutrition structured its sales process further, with defined Key Performance Indicators and reporting for performance monitoring. Operational excellence focused on further improving safety and quality, cost reduction and reduction of the environmental footprint. Several Young Animal Feed solutions were introduced to the market and a renewed focus on feed additives led to considerable volume growth.

Skretting developed a number of programmes to deliver efficiency improvements and lower production costs by consolidating assets and investments in production processes. Several new global feed products were launched, to deliver better efficiency, sustainability and quality. New digital farm management solutions delivered operational improvements for many fish farmers.

In Ecuador, the new, state-of-the art shrimp-feed producing factory became operational, giving Skretting a leading position in the largest shrimp market in the world. In addition, activities aimed at creating growth in other species and other farming methods, such as recirculating aquaculture systems (RAS, were begun. RAS is a promising development in land-based salmon farming that could provide sustainable growth for the industry. Skretting also launched new leading feed solutions for RAS.

To strengthen its market position, Trouw Nutrition signed an agreement to acquire Cargill's Portuguese compound feed production business, increasing the organisation from its current one plant to three in Portugal and strengthening Trouw Nutrition's footprint in the Iberian Peninsula. The transaction was finalised on 28 February 2020.

NuFrontiers completed its first investments in alternative proteins. These involved two start-ups in the Netherlands and Silicon Valley, that produce food by multiplying and differentiating animal stem cells into actual meat or fish chunks. A rich pipeline of research and development partnerships and potential participations was built with investments in

plant-based protein production technologies, bio technologies, digital solutions and non-antibiotic ingredients aimed at preventing animal diseases.

The sustainability strategy was further defined in "Roadmap 2025", based on a six-step process that started with a materiality assessment, followed by several management workshops, to define issues Nutreco considers a license to operate. These include Climate Change, combating Anti Microbial Resistance, Community Development and Sustainable Products and Services.

Nutreco is one of the first three companies worldwide to pledge its support to a new initiative designed to help end deforestation in the Cerrado region in Brazil. Trouw Nutrition hosted workshops to share technology and nutritional solutions that enable Brazilian ranchers to double beef production on their existing farmland. Community development projects in Nigeria, Guatemala and Brazil engaged over 600 small farmers, supporting them to increase their farm production in a sustainable way.

As part of the ongoing Ethics & Compliance activities, a completely restated Code of Conduct was rolled out to all employees. The code builds on Nutreco's values and provides the standards for business and personal conduct. It captures the new E&C policies and translates them into clear everyday guidance for all colleagues.

Nutreco operates in and with highly diverse groups in terms of gender, culture, ethnicity, nationality and ways of thinking and is committed to ensuring this is reflected in the diversity of its people. Actions were taken to further develop and implement programmes to build an inclusive culture to ensure the attraction and retention of a diverse workforce and create opportunities for personal and professional development.

On a like-for-like basis volumes grew in both Skretting and Trouw Nutrition. Income from operations improved compared to last year, as continuing strong demand and margins for shrimp feed and the growth in Asia and Africa more than offset the impact of difficult markets such as China and Spain and strong competition in the salmonid feed business. Furthermore, the result was impacted by higher tax charges.

During the year an accounting error was identified at Nutreco. In previous years, inventories were incorrectly reported with a total impact on shareholders' equity of € 83.3 million negative as per 31 December 2018. Adequate measures have been taken to prevent this from reoccurring.

NPM Capital

NPM Capital invests in medium-sized companies in the Benelux region. These companies are supported in completing the next growth phase of their development. NPM Capital has the assets required to facilitate flexible, generally long-term, investment horizons. The current portfolio comprises 25 companies with both majority and minority stakes and includes growth capital.

NPM Capital views Corporate Social Responsibility as a source of value creation and encourages the companies in its portfolio to proactively address the associated challenges. Doing business fairly is a key feature of socially responsible entrepreneurship. For NPM Capital and its portfolio companies, principles of sound business practices and compliance with legislation are standard operating principles.



In 2019, the Dutch economy continued to grow while interest rates remained historically low. This environment was one of the reasons why the inflow of money into Private Equity remained high. At the same time, geopolitical events like a no-deal Brexit, trade wars and the unstable situation in the Middle East gave reason for caution.

Based on a market and strategy review, NPM Capital revised and updated its key investment themes and now has four areas of focus: Everything is Digital, Feeding the World, Future of Energy and Healthy Life. It will look primarily for investments that are relevant to these themes and that will offer opportunities for growth. To increase the internal knowledge on the different areas, an Agri Board and a Digital Board have been set up with key experts from the respective industries.

Investments were made in line with the four areas of focus. Zorgwerk is a market leading digital flex staffing company, that matches supply and demand of short-term jobs in the healthcare segment. Ohpen is a fast-growing fintech company that administers retail investment and saving accounts for banks and other financial institutions. Rooftop Energy develops and operates solar power plants in the Netherlands, mainly on the roofs of commercial buildings. The intended investment in Dutch tomato grower Agro Care that was announced at the end of the year, received approval by the Dutch competition authority (ACM) in January 2020. In addition, several follow-up investments were made in existing portfolio companies such as Picnic and Suitsupply.

During the year, ACM approved the sale of Iddink Group to Sanoma Learning as well as the merger between NL Healthcare and Bergman Clinics, that was announced in 2018. Outdoor Life Group and Arts & Zorg were divested.

At several portfolio companies Environmental, Social and Corporate (ESG) scans were conducted to benchmark and monitor sustainability performance. The results were discussed and have encouraged the companies to make structural improvements to their performance on ESG related topics.

A number of learning events were organised for NPM Capital employees. These sought to further strengthen and maintain internal awareness of sound business practices and legislative compliance. In addition, a dedicated Ethics & Compliance officer provided advice and tooling to support the individual portfolio companies in setting up or improving their activities.

The current investment portfolio enhances the positioning of NPM Capital as a contemporary, active and involved investor for the longer term. This supports the aim of having a more diverse and inclusive organisation. The gender diversity of the investment team increased to 29%.

The above mentioned divestments were a strong contributor to the results, which were above last year.

ONE-Dyas

ONE-Dyas B.V. was established in 2019, following the merger of Oranje Nassau Energie and Dyas. SHV owns 49% in this new entity. ONE-Dyas is the largest privately-owned Dutch oil & gas exploration and production company. Its' core area of interest is the oil & gas basins of the North Sea. The company strategy is focused on further building on an already strong portfolio of operated and non-operated assets in the UK, the Netherlands, Norway and Denmark. In addition, the company also has non-operated investments in Gabon and Malaysia. ONE-Dyas is uniquely positioned to capture growth opportunities and create both short and long-term value for all its stakeholders.

ONE-Dyas is a prominent North Sea focused business with an experienced technical and entrepreneurial team. This enables ONE-Dyas to pursue further growth opportunities, by leveraging portfolio synergies and cross-learning, and by continuously optimising the portfolio.

During 2019, many activities were carried out to achieve an effective integration of the two companies. These focused on people, systems and ways of working, while at the same time ensuring that the existing business of the two companies would not be disrupted.

Business results depend on the operational performance of the assets, the price of crude oil, the price of natural gas and the exchange rates of the US dollar and the British pound. In 2019, as a result of low oil & gas prices, the upstream business environment continued to be challenging.

As part of the process to rationalise the post-merger portfolio and to allow ONE-Dyas to focus on projects with more remaining potential, two agreements were reached to sell packages containing mature Dutch gas assets. Both transactions are still to be closed.

The development of existing assets in the ONE-Dyas portfolio continued and after a considerable project duration, the Mariner oil field, one of the largest projects in the UK North Sea in recent years, started production in August. Development of the Arran field, a gas condensate field in the UK Central North Sea, is ongoing and is expected to come into production in 2021.

Following the merger, a strategic decision was made to strengthen the focus on exploration in Norway and to expand the organisation to find further growth opportunities. In 2019, an investment was made in the Nova oil field development project, which is expected to come onstream in 2021.

ONE-Dyas is committed to protecting the environment and responding to the changing environmental conditions. An Environmental Management System (EMS) helps the company to operate and develop oil & gas production assets in compliance with all relevant legal and stakeholder requirements.

The reserve replacement ratio was 127%, as 14.5 million barrels of oil equivalent were added to the portfolio during 2019, compared to the 11.4 million barrels of oil equivalent produced in the year. Additionally, some 24 million barrels of oil equivalent were added to the ONE-Dyas resource funnel.

Special thanks

Given the turbulent circumstances in which our Groups had to operate in 2019, we realise more than ever the value and importance of having professional, engaged and dedicated people. We want to express our appreciation to all colleagues worldwide for putting their best efforts in realising the best results possible and we sincerely thank everybody for their hard work. We expect the year 2020 to be volatile and unpredictable. The outbreak of the Corona virus has made the operating environment for many of our colleagues even more demanding. As a team we will face these challenges and we look forward to working together in the year to come.

Utrecht, 12 March 2020

On behalf of the Executive Board of Directors,

J.P. Drost
CEO



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