

GOODVALLEY

Since  1994

Home of Quality

INTERIM REPORT Q2 2018

Conference call – 21 August 2018

Agenda

WELCOME TO GOODVALLEY

GROUP HIGHLIGHTS

MARKETS

SEGMENTS

GROUP FINANCIALS

OUTLOOK 2018

STRATEGY

Q&A SESSION

SPEAKERS



TOM AXELGAARD
CEO

Founded Goodvalley in 1994



HANS HENRIK PEDERSEN
CFO

Goodvalley since 2016

DISCLAIMER

This presentation contains forward-looking statements.

Such statements are subject to risks and uncertainties as various factors, many of which are beyond Goodvalley A/S' control, may cause actual developments and results to differ materially from the expectations contained in the presentation.

Group highlights

GOODVALLEY DELIVERS STRONG OPERATIONAL PERFORMANCE DESPITE CHALLENGING MARKET CONDITIONS

FINANCIALS

DKK 374m

Revenue declined 11 % to DKK 374 million driven by lower pig prices and reduced capacity

22.2%

Adjusted EBITDA of DKK 83 million, yielding an Adjusted EBITDA margin of 22.2%

2018

Outlook for 2018 maintained following adjustment on 10 August

HIGH AND IMPROVED EFFICIENCY

31.4 pigs per sow

Improved from 30.9 in Q2 2017

2.74 kilo

Stable and low **feed conversion ratio** of 2.74 kilo feed per kilo pork

7.1 meat to feed ratio

The **meat to feed ratio** declined from 7.8 in Q2 2017

IN GREAT SHAPE FOR THE FUTURE

Branded products

In Q2 2018 Goodvalley prepared the **launch of premium branded products**

RWA

Goodvalley continues to expand the **capacity for RWA production**

Stable renovations

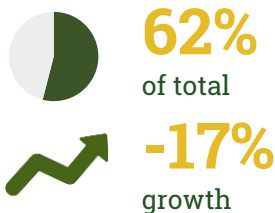
Goodvalley **continues stable renovations** to increase capacity and efficiency

Market developments

POLAND

- Lower capacity and pig prices
- Finalizing launch of branded premium products

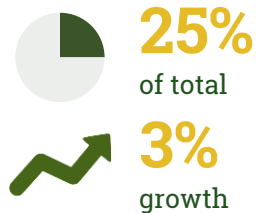
REVENUE



UKRAINE

- Higher pig prices
- Continued stable upgrades to lift volume and efficiency

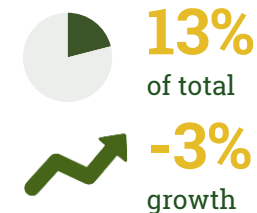
REVENUE



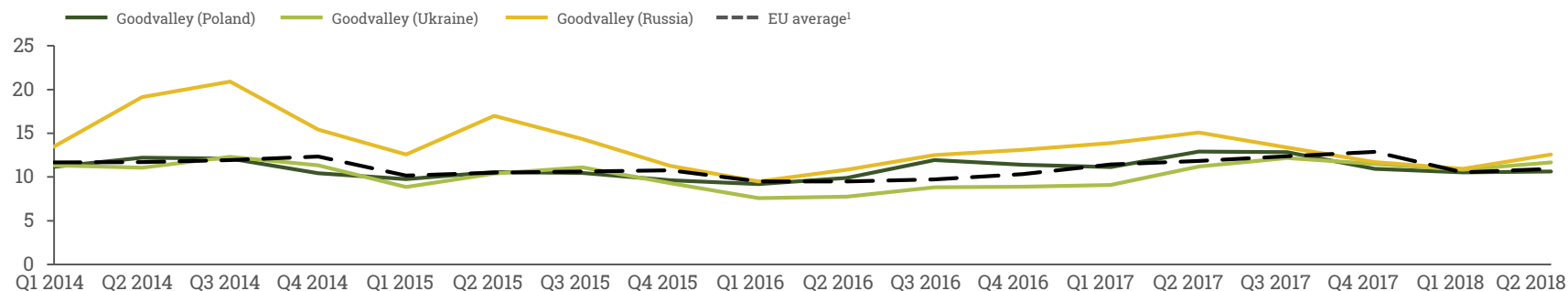
RUSSIA

- Lower pig prices
- Improved operational performance
- Cross-border knowledge sharing

REVENUE



2014-2018 PIG PRICES DKK/KG (CARCASS WEIGHT)



¹EU average based on EU (weighted average) market prices for pig carcass grade E in the E.U. (European Commission)
Source: Company information and World Bank (Global Economy Prospects, January 2018). Real growth based on constant 2010 U.S. dollar GDP weights

Pig segment

Slaughter pig volumes declined due to reduced capacity

- Ended production at two leased finisher farms in Poland
- Stable renovations
- RWA capacity expansion

Lower revenue alleviated by increased efficiency

- Adjusted EBITDA of around 26% despite lower revenue
- Increased number of pigs sold per sow to 31.4

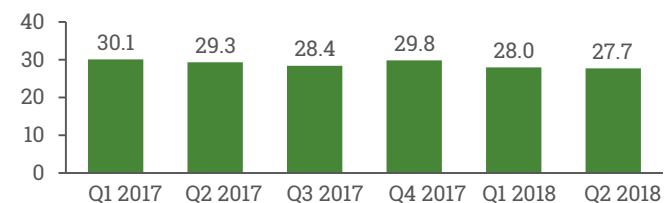


DKK million	Q2 2018	Q2 2017	2017
External revenue	165	205	701
Internal revenue	98	102	434
REVENUE	263	307	1,135
EBITDA	58	157	368
ADJUSTED EBITDA	68	112	374
ADJUSTED EBITDA MARGIN	25.9%	36.5%	33.0%

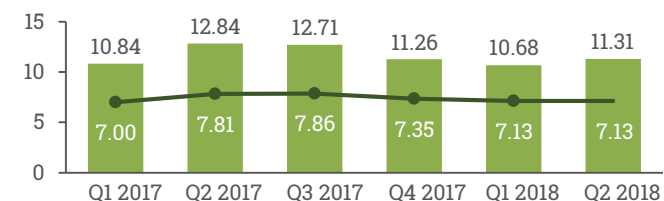
PIGS SOLD PER SOW PER YEAR, HEADS



PIGS SOLD, THOUSAND TONNES (LIVE WEIGHT)



PIG PRICE, DKK/KG AND MEAT TO FEED RATIO



Food segment

Increased volume in tonnes sold

- Revenue decreased mainly due to lower pork price
- Improved product mix with more processed products

Earnings driven by volume growth

- EBITDA increased to DKK 2 million from DKK -1 million in Q2 2017

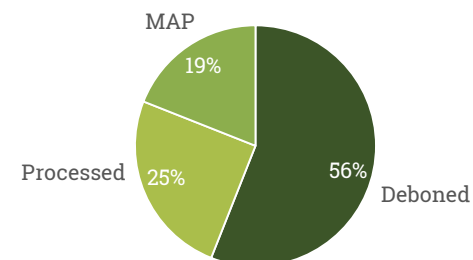


DKK million	Q2 2018	Q2 2017	2017
REVENUE	192	202	767
EBITDA	2	(1)	(9)
EBITDA MARGIN	0.9%	(0.3%)	(1.2%)

SALE OF PORK, THOUSAND TONNES



SALES SPLIT, %



Arable and Energy segments

Arable revenue increased, while earnings declined

- Revenue was DKK 9 million
- EBITDA declined slightly to DKK 11 million due to drought
- Obtained farming rights in Ukraine of 6,500 hectares

Stable production in Energy

- Revenue increased to DKK 19 million



DKK million	Q2 2018	Q2 2017	2017
External revenue	2	-	54
Internal revenue	7	-	121
REVENUE	9	-	175
EBITDA	11	13	39
EBITDA MARGIN	n.a.	n.a.	22.3%



DKK million	Q2 2018	Q2 2017	2017
External revenue	13	13	61
Internal revenue	5	4	24
REVENUE	19	17	85
EBITDA	3	3	17
EBITDA MARGIN	15.0%	16.3%	20.0%

PRODUCED ELECTRICITY, GWH



Group financials

Lower revenue due to pig prices and reduced capacity

- Revenue came to DKK 374 million
- Strong and improved operational performance

Earnings impacted by market conditions

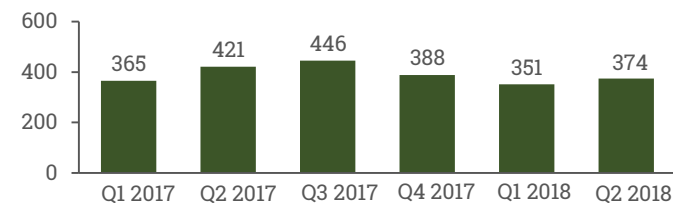
- Adjusted EBITDA came to DKK 83 million
- Adjusted profit was DKK 37 million

Cash flow development

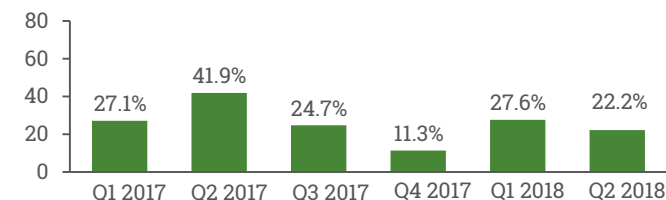
- Operating cash flows amounted to DKK 44 million

DKK million	Q2 2018	Q2 2017	2017
REVENUE	374	421	1,620
EBITDA	73	176	426
Herd price adjustment	10	(45)	5
ADJUSTED EBITDA	83	132	431
ADJUSTED EBITDA MARGIN	22.2%	31.2%	26.6%
EBITDA margin	19.6%	41.9%	26.3%

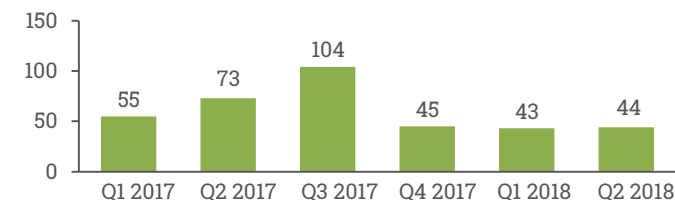
REVENUE, DKK MILLION



EBITDA MARGIN, %



OPERATING CASH FLOW, DKK MILLION



Outlook 2018

FINANCIAL OUTLOOK

Goodvalley maintains recently revised outlook

- Revenue of DKK 1,400-1,550 million
- Adjusted EBITDA of DKK 280-325 million

Performance expected to be impacted by

- Drought and related effects
- Upgrade of stables
- Expanded RWA capacity
- Marketing investments related to branded products

DKK million	2018 outlook	Previous 2018 outlook	2017 actuals
Revenue	1,400-1,550	1,500-1,700	1,620
Adjusted EBITDA	280-325	340-425	431
<i>Reported EBITDA 2017</i>	-	-	426

COMMENTS AND ASSUMPTIONS

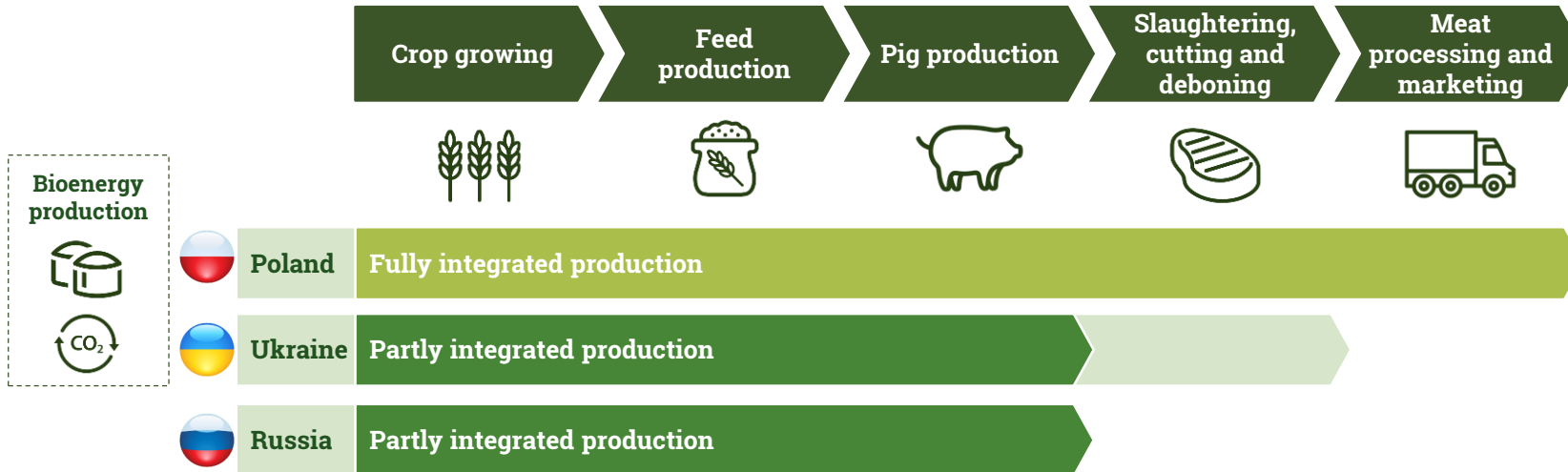
The earnings outlook is presented at fixed herd price in terms of Adjusted EBITDA to reduce fluctuations in guidance and provide optimum conditions for assessing Goodvalley's operational efficiency and performance specifically and in isolation from changes in market prices for live pigs, potentially entailing material fair value adjustments of the Group's biological assets on the balance sheet date.

The outlook for 2018 is based on an average market pig price of DKK 11.1 per kilo and fixed exchange rates as well as the prevailing economic situation in Goodvalley's markets. The outlook represents our current expectations for the development in the Group's revenue and Adjusted EBITDA, and Goodvalley's reported EBITDA may thus deviate significantly from this outlook.

Strategy

EXPANDING CAPACITY TO STRENGTHEN VERTICAL INTEGRATION

VALUE CHAIN BY GEOGRAPHY



MULTIPLE LEVERS TO DRIVE GROWTH AND ENHANCED PROFITABILITY

<p>Optimisation</p> <ul style="list-style-type: none"> • Sustainability based on Danish know how • Improving facilities • Obtained Global GAP certification 	<p>Capacity expansion</p> <ul style="list-style-type: none"> • Increase pig production • Feed, land base and green energy • Expansion of land bank in Ukraine with obtained farming rights 	<p>Strengthen consumer focus</p> <ul style="list-style-type: none"> • Finalized launch of branded products to the Polish market • Margin expansion and reduced exposure to bulk market • Capitalising on sustainability and environmental protection 	<p>New geographies</p> <ul style="list-style-type: none"> • Expansion into selected new markets • Acquisitions or greenfield • Clear selection criteria
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Questions

Contact information



TOM AXELGAARD
CEO



HANS HENRIK PEDERSEN
CFO

FINANCIAL CALENDAR 2018

27 November

Q3 interim report

GOODVALLEY A/S

Vesterbrogade 4A

DK-1620 Copenhagen

Tel.: +45 76 52 20 01

Mail: investor@goodvalley.com

Web: www.goodvalley.com



Appendix

Key figures and financial ratios

DKK million	Q2 2018	Q2 2017	2017
Income statement			
Revenue	374	421	1,620
Total income	446	536	1,653
Gross profit	103	196	511
EBITDA	73	176	426
<i>Adjusted EBITDA</i>	<i>83</i>	<i>132</i>	<i>431</i>
EBIT	42	146	304
Financial items, net	(8)	(53)	(135)
Profit/(loss) for the period	34	93	169
<i>Adjusted profit</i>	<i>37</i>	<i>92</i>	<i>245</i>
Cash flow			
Operating activity	44	73	274
Investing activity	(85)	(29)	(143)
Free cash flow	(41)	44	131
Financing activity	(15)	(120)	28
Balance sheet			
Non current assets	1,864	1,942	1,833
Net working capital	598	582	532
Invested capital	2,462	2,524	2,365
Total assets	2,819	2,940	2,751
Equity	1,318	1,388	1,265
Net interest-bearing debt	1,142	1,178	1,100

DKK million	Q2 2018	Q2 2017	2017
Key financials			
Gross margin	27.6%	46.6%	31.5%
EBITDA margin	19.6%	41.9%	26.3%
<i>Adjusted EBITDA margin</i>	<i>22.2%</i>	<i>31.2%</i>	<i>26.6%</i>
EBIT margin	11.3%	34.6%	18.8%
Free cash flow / revenue	(11.0)%	10.4%	8.1%
Cash conversion	53.1%	55.5%	43.1%
Capex	(68)	(30)	152
plant and equipment			
NIBD/Adjusted EBITDA LTM	3.1x	3.2x	2.6x
Equity ratio	46.8%	47.2%	46.0%
ROIC	8.9%	11.0%	12.9%
FTE	2,301	2,327	2,232
Share ratios			
Earnings per share, DKK	1	2	3

Note: Years 2013-2016 have been restated in accordance with new accounting principles

Goodvalley Bond Obligor Group¹

DKK million	Q2 2018	2017
Goodvalley Bond Obligor Group		
Revenue	331	1,460
Total Income	395	1,495
EBITDA	50	375
<i>Adjusted EBITDA</i>	<i>63</i>	<i>374</i>
Net interest-bearing debt	1,144	1,081
Adjusted EBITDA LTM	312	374
NIBD/Adjusted EBITDA LTM	3.7	2.9

¹Bond Obligor Group consists of: Goodvalley A/S, Finansax ApS, Goodvalley Agro SA, Goodvalley Sp. Z o.o. Goodvalley Ukraine LLC