

GOODVALLEY

Since  1994

Home of Quality

INTERIM REPORT
Q3 2018

Conference call – 27 November 2018

Agenda

WELCOME TO GOODVALLEY

GROUP HIGHLIGHTS

MARKET DEVELOPMENTS

SEGMENTS

GROUP FINANCIALS

OUTLOOK 2018

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 CONTINUES TO STRENGTHEN PLATFORM DESPITE CHALLENGING MARKET CONDITIONS

FINANCIALS

DKK 377m

Revenue declined 15 % to DKK 377 million driven by lower pig prices and a poor harvest

9.2%

Adjusted EBITDA of DKK 35 million, yielding an Adjusted EBITDA margin of 9.2%

2018

Outlook for 2018 maintained following adjustment on 7 November

HIGH AND IMPROVED EFFICIENCY

31.2 pigs per sow

Improved from 30.7 in Q3 2017

2.73 kilo

Stable and low **feed conversion ratio** of 2.73 kilo feed per kilo pork

6.6 meat to feed ratio

The **meat to feed ratio** declined from 7.9 in Q3 2017

STRONG PLATFORM FOR THE FUTURE

Branded products

In Q3 2018 Goodvalley **launched premium branded products** to Polish consumers

IPO

Well-prepared to **pursue an IPO when the timing is right**

Stable renovations

Goodvalley **completed planned stable renovations** to increase capacity and efficiency

Market developments

POLAND

- Lower pig prices and poor arable yield
- Launch of branded premium products
- Stable renovations completed

REVENUE



50%
of total



-22%
growth

UKRAINE

- Lower pig prices and poor arable yield
- Lower pig volume due to stable upgrades

REVENUE



29%
of total



-11%
growth

RUSSIA

- Increased production
- Improved efficiency through targeted knowledge sharing

REVENUE

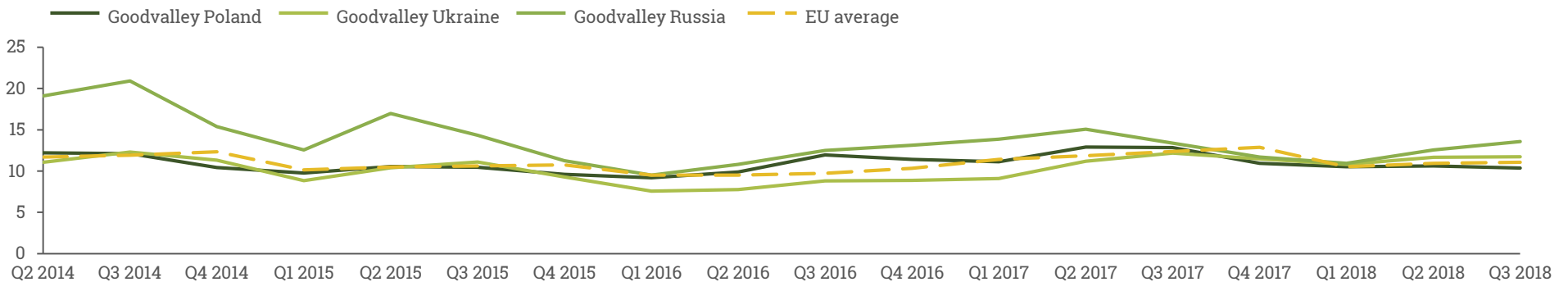


13%
of total



20%
growth

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

Lower revenue due to significant decline in pig prices

- General oversupply of pork in Europe
- Lower arable yields due to drought entailed higher feed costs

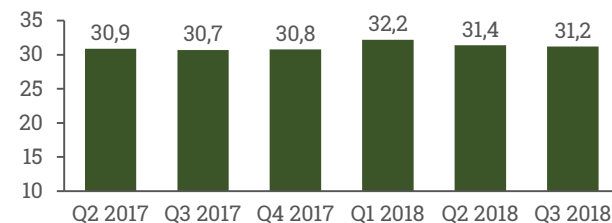
Impact of external factors alleviated by improved efficiency

- Adjusted EBITDA margin of 23%
- Increased number of pigs sold per sow to 31.2 from 30.7 in comparison period

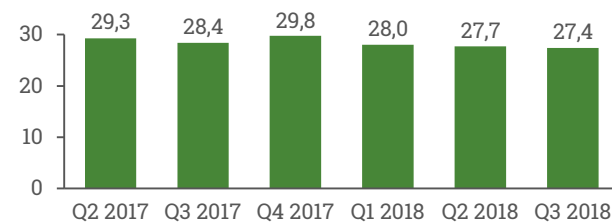


DKK million	Q3 2018	Q3 2017	2017
External revenue	161	186	701
Internal revenue	93	110	434
REVENUE	254	296	1,135
EBITDA	63	102	368
ADJUSTED EBITDA	58	106	374
ADJUSTED EBITDA MARGIN	23.0%	35.8%	33.0%

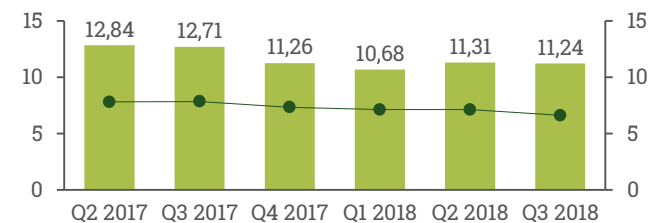
PIGS SOLD PER SOW PER YEAR, HEADS



PIGS SOLD, THOUSAND TONNES (LIVE WEIGHT)



PIG PRICE, DKK/KG AND MEAT TO FEED RATIO



Food segment

Decline in volumes and revenue

- Oversupply of pork in Europe led to lower pig prices
- Change in product mix towards deboned

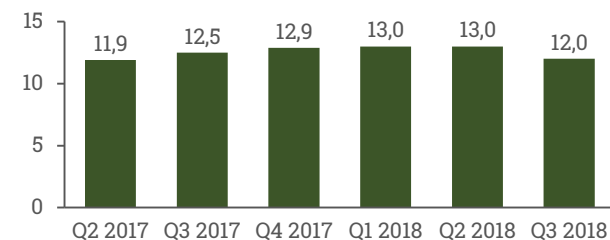
Products launched in Goodvalley brand

- DKK 11 million spend on marketing
- Working hard to increase the share of branded products to increase profitability

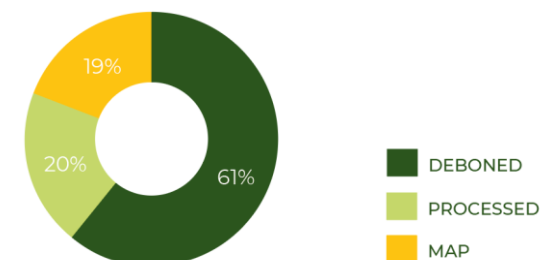


DKK million	Q3 2018	Q3 2017	2017
REVENUE	174	201	767
EBITDA	(14)	(4)	(9)
EBITDA MARGIN	(8.2%)	(2.0%)	(1.2%)

SALE OF PORK, THOUSAND TONNES



SALES SPLIT, %



Arable and Energy segments

Arable yield dropped 30-40% due to tough weather conditions

- EBITDA was negative at 18 million

Energy delivered a stable production

- Revenue was DKK 21 million
- EBITDA was 2 million



DKK million	Q3 2018	Q3 2017	2017
External revenue	20	44	54
Internal revenue	76	67	121
REVENUE	96	111	175
EBITDA	(18)	12	39
EBITDA MARGIN	(19%)	10%	22.3%

PRODUCED ENERGY, GWH



DKK million	Q3 2018	Q3 2017	2017
External revenue	17	13	61
Internal revenue	4	3	24
REVENUE	21	16	85
EBITDA	2	2	17
EBITDA MARGIN	8.0%	12.1%	20.0%

Group financials

Revenue dropped due to tough market conditions

- Revenue came to DKK 377 million
- Negative effects were somewhat alleviated by improved efficiency

Earnings impacted by market conditions

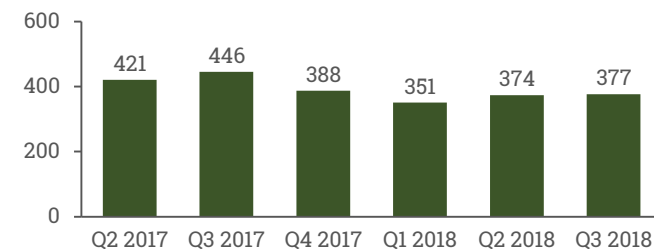
- Adjusted EBITDA came to DKK 35 million

Cash flow development

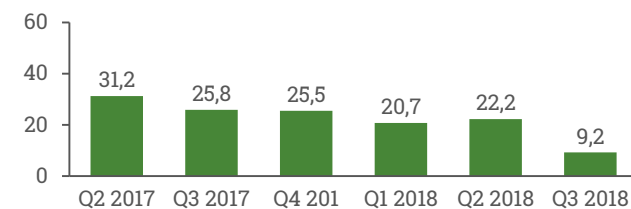
- Operating cash flows amounted to DKK 58 million

DKK million	Q3 2018	Q3 2017	2017
REVENUE	377	446	1,620
EBITDA	40	111	426
Herd price adjustment	(5)	4	5
ADJUSTED EBITDA	35	115	431
ADJUSTED EBITDA MARGIN	9.2%	25.8%	26.6%
EBITDA margin	10.5%	25.0%	26.3%

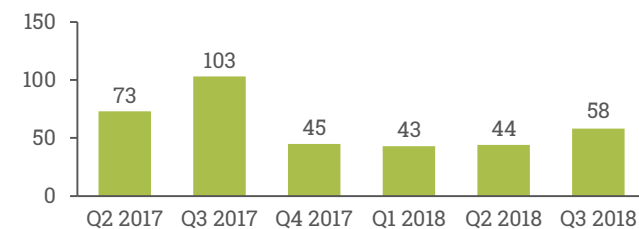
REVENUE, DKK MILLION



ADJUSTED 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 220-250 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	1,400-1,550	1,620
Adjusted EBITDA	220-250	280-325	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.



Questions

Contact information



TOM AXELGAARD
CEO



HANS HENRIK PEDERSEN
CFO

FINANCIAL CALENDAR 2019

28 FEBRUARY 2019 :	ANNUAL REPORT 2018
04 APRIL 2019 :	ANNUAL GENERAL MEETING
27 MAY 2019 :	INTERIM REPORT Q1 2019
27 AUGUST 2019 :	INTERIM REPORT Q2 2019
27 NOVEMBER 2019 :	INTERIM REPORT Q3 2019

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Appendix

Key figures and financial ratios

DKK million	Q3 2018	Q3 2017	2017
Income statement			
Revenue	377	446	1,620
Total income	322	384	1,653
Gross profit	72	134	511
EBITDA	40	111	426
<i>Adjusted EBITDA</i>	<i>35</i>	<i>115</i>	<i>431</i>
EBIT	12	81	304
Financial items, net	(33)	(41)	(135)
Profit/(loss) for the period	(21)	36	169
<i>Adjusted profit</i>	<i>(6)</i>	<i>60</i>	<i>245</i>
Cash flow			
Operating activity	58	103	274
Investing activity	(91)	(42)	(143)
Free cash flow	(33)	61	131
Financing activity	(4)	(99)	28
Balance sheet			
Non current assets	1,907	1,883	1,833
Net working capital	600	577	532
Invested capital	2,507	2,460	2,365
Total assets	2,798	2,779	2,751
Equity	1,274	1,276	1,265
Net interest-bearing debt	1,178	1,186	1,100

DKK million	Q3 2018	Q3 2017	2017
Financial ratios			
Gross margin	19.2%	30.0%	31.5%
EBITDA margin	10.5%	25.0%	26.3%
<i>Adjusted EBITDA margin</i>	<i>9.2%</i>	<i>25.8%</i>	<i>26.6%</i>
EBIT margin	3.0%	18.1%	18.8%
Free cash flow / revenue	(8.6%)	13.7%	8.1%
Cash conversion	167.9%	89.4%	43.1%
Capex	(111)	(42)	152
NIBD/Adjusted EBITDA LTM	4.1	2.8	2.6x
Equity ratio	45.5%	45.9%	46.0%
ROIC	6.4%	11.3%	12.9%
FTE	2,306	2,285	2,232
Share ratios			
Earnings per share, DKK	(0.4)	0.7	3.1

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

Goodvalley Bond Obligor Group¹

DKK million	Q3 2018	2017
Goodvalley Bond Obligor Group		
Revenue	328	1,460
Total Income	277	1,495
EBITDA	14	375
<i>Adjusted EBITDA</i>	<i>13</i>	<i>374</i>
Net interest-bearing debt	1,171	1,081
Adjusted EBITDA LTM	223	374
NIBD/Adjusted EBITDA LTM	5.2	2.9

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