

GOODVALLEY

Since  1994

Annual Report 2018

CONFERENCE CALL 29
FEBRUARY 2019



Agenda

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

STRONG OPERATIONAL PERFORMANCE POSITION GOODVALLEY FOR FUTURE GROWTH

SOLID FINANCIALS

DKK 1,473m

Revenue declined by 9% to DKK 1,473 million driven by lower pig and pork prices and volumes

DKK 222m

Goodvalley realised a solid Adjusted EBITDA despite lower pig and pork prices and harsh weather conditions

2019

Goodvalley expects revenue in the range of DKK [1,400-1,550] and Adjusted EBITDA of DKK [220-280]

STRONG EFFICIENCY

31.6 pigs per sow

Goodvalley improved efficiency in terms of sold **pigs per sow** from 30.6 in 2017 to 31.6 in 2018, being among the leading manufacturers relative to both the average in EU and North America

2.75 kilo

Continued focus on efficient and sustainable production allowed for a stable and attractive whole herd feed conversion ratio

Stable upgrades

The Group completed a series of stable Upgrades enabling higher production capacity and efficiency as well as animal welfare improvements

IN SHAPE FOR THE FUTURE

Branded products

Goodvalley launched its first range of **Goodvalley branded products** in stores across Poland, offering a premium selection of climate friendly GMO-free products from pigs raised without antibiotics.

Climate

Goodvalley obtained verification of **CO2 neutrality** at Group level in 2018 after having been verified as CO2 neutral in Poland since 2013

36,500 hectares

The landbank increased by an additional 6,500 hectares in Ukraine and 2,000 hectares in Russia increasing the Group's total land bank by 30% amounting to a total of approximately 36,500 hectares.

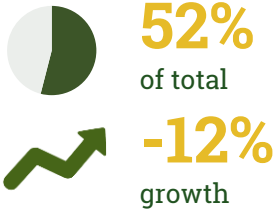
¹⁾ In the report, Adjusted EBITDA refers to EBITDA before non-recurring items adjusted for herd price changes, cf. page 8.

Market developments

POLAND

- Solid market
- Introducing premium branded products

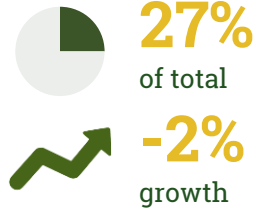
REVENUE



UKRAINE

- New renovations and upgrades
- Increasing consumption of pork

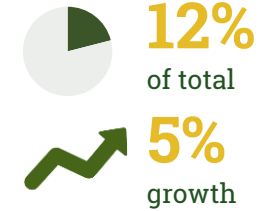
REVENUE



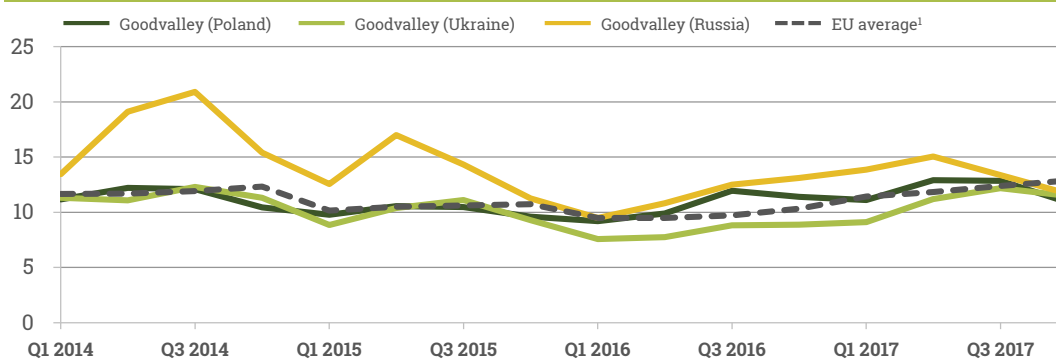
RUSSIA

- Improved operational performance
- Lower feed prices

REVENUE



2014-2017 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

The average price decreased slightly with 1.1% to DKK 10.68 per kilo.

- Revenue declined 6.1% to DKK 247 million
- Slaughter pigs volume declined due to reduced capacity

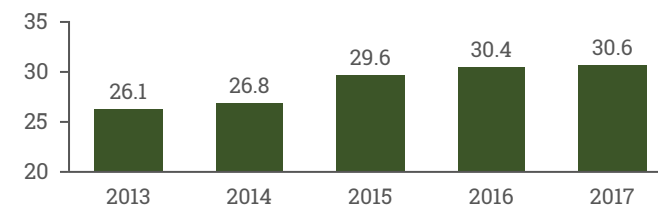
Earnings driven by higher efficiency and lower feed consumption

- Adjusted EBITDA declined 22% to DKK 57 million
- Stable feed price ensured attractive meat to feed ratio of 7.1

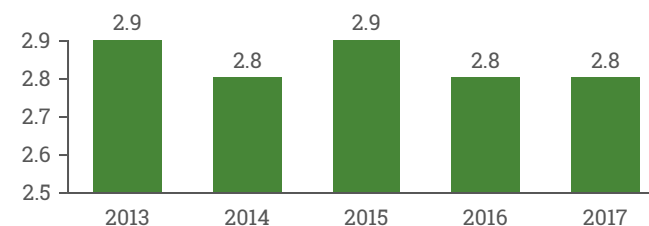


DKK million	2018	2017	Q4 2018	Q4 2017
External revenue	605	701	130	155
Internal revenue	420	434	131	99
REVENUE	1,025	1,135	261	254
EBITDA	200	368	1	27
ADJUSTED EBITDA	210	374	30	83
ADJUSTED EBITDA MARGIN	20.5%	33.0%	11.5%	32.7%

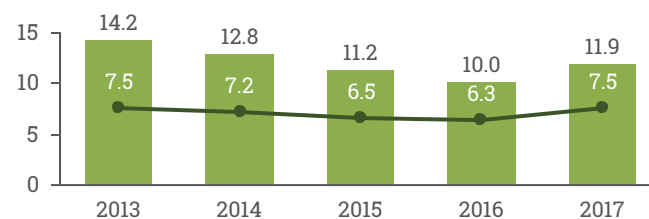
PIGS SOLD PER SOW PER YEAR, HEADS



FEED CONVERSION RATIO, KG (WHOLE HERD)



PIG PRICE, DKK/KG AND MEAT TO FEED RATIO



Food segment

Increased volume in tonnes sold

- Revenue increased 4% to 189 million
- The product mix remained stable

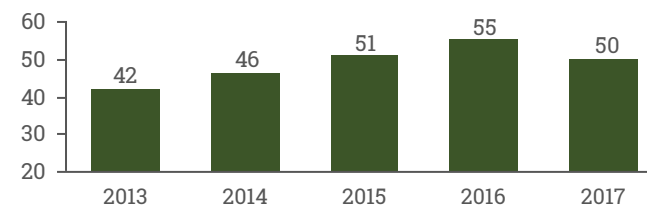
Earnings impacted by lower input prices

- EBITDA increased due to lower input prices
- Improved earnings in spite of increased sales weight

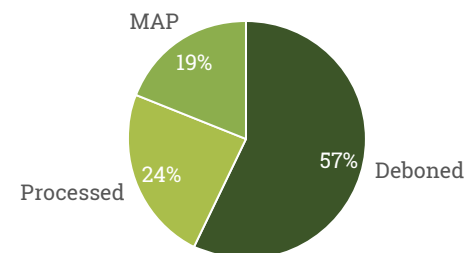


DKK million	2018	2017	Q4 2018	Q4 2017
REVENUE	733	767	177	184
EBITDA	(17)	(9)	(11)	(5)
EBITDA MARGIN	(2.3%)	(1.2%)	(6.2%)	(2.7%)

SALE OF PORK, THOUSAND TONNES



SALES SPLIT, %



Arable and Energy segments

Arable revenue increased

- Revenue grew to DKK 8 million
- EBITDA was stable at DKK 5 million
- Expansion of land bank with 6,500 hectares to 34,500 hectares total

Stable performance in Energy from high output

- Revenue was largely unchanged at DKK 19 million
- Market price developments caused slight decline in EBITDA to DKK 6 million

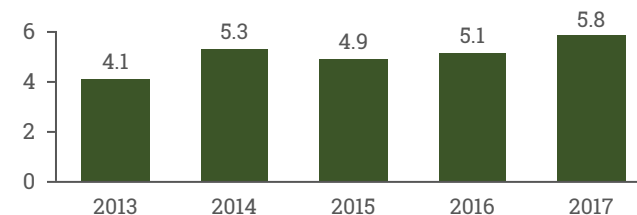


DKK million	2018	2017	Q4 2018	Q4 2017
External revenue	38	54	15	1
Internal revenue	140	121	50	54
REVENUE	178	175	65	55
EBITDA	7	39	5	8
EBITDA MARGIN	3.9%	22.3%	7.7%	14.5%

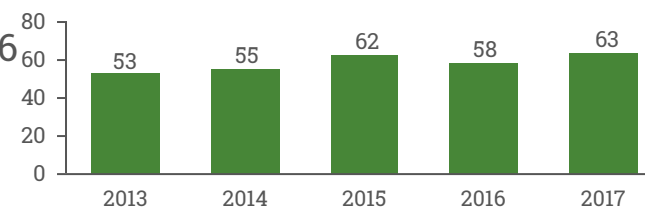


DKK million	2018	2017	Q4 2018	Q4 2017
External revenue	58	61	17	19
Internal revenue	23	24	5	12
REVENUE	81	85	22	31
EBITDA	14	17	3	4
EBITDA MARGIN	17.3%	20.0%	13.6%	12.9%

GRAIN YIELD, AVG. TONNES PER HECTARE



PRODUCED ELECTRICITY, GWH



Group financials

Solid revenue driven by Pig, Arable and Energy

- Revenue declined 4% to DKK 351 million
- Strong operational performance

Increased profitability

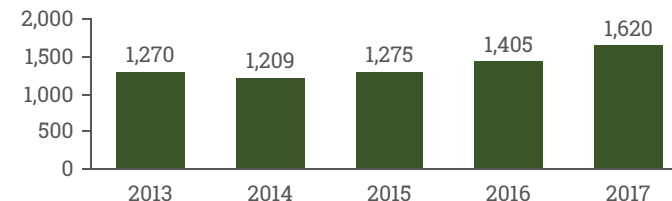
- Adjusted EBITDA came to DKK 73 million
- Net profit increased slightly to DKK 58 million

Solid cash flow development

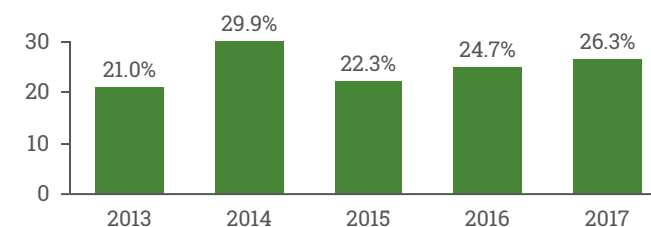
- Operating cash flows amounted to DKK 43 million

DKK million	2018	2017	Q4 2018	Q4 2017
REVENUE	1,473	1,620	371	388
EBITDA	212	426	2	44
Herd price adjustment	10	6	30	55
ADJUSTED EBITDA	222	431	32	99
ADJUSTED EBITDA MARGIN	15.1%	26.6%	8.6%	25.5%
EBITDA margin	14.4%	26.3%	0.5%	11.3%

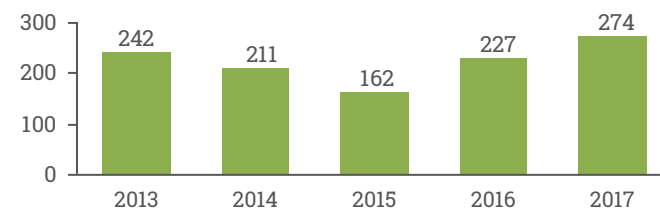
REVENUE, DKK MILLION



EBITDA MARGIN, %



OPERATING CASH FLOW, DKK MILLION



Outlook 2019

FINANCIAL OUTLOOK

Goodvalley expects strong revenue and earnings in 2019

- Revenue of DKK 1,400-1,550 million
- Adjusted EBITDA of DKK 220-280 million

Performance is expected to be impacted by

- Continued high production efficiency
- Increased volumes due to increased capacity
- High crop and feed prices due to bad weather conditions in 2018

DKK million	2019 outlook	2018 actuals
Revenue	1,400-1,550	1,473
Adjusted EBITDA	220-280	222
<i>Reported EBITDA 2018</i>	-	<i>212</i>

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 price for live pigs of DKK 11.2 per kilo and current 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

27 May	Q1 interim report
27 August	Q2 interim report
27 November	Q3 interim report

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Appendix

Key figures and financial ratios

DKK million	2017	2016	2015	2014	2013
Income statement					
Revenue	1,620	1,405	1,275	1,209	1,270
Total income	1,653	1,485	1,370	1,414	1,315
Gross profit	511	411	465	520	410
EBITDA	426	347	284	362	267
<i>Adjusted EBITDA</i>	<i>431</i>	<i>299</i>	-	-	-
EBIT	304	244	193	260	167
Financial items, net	(135)	(70)	(118)	(226)	(44)
Profit/(loss) for the period	169	174	41	47	123
Cash flow					
Operating activity	274	227	162	211	242
Investing activity	(143)	(139)	(254)	(260)	(360)
Free cash flow	131	88	(92)	(49)	(119)
Financing activity	28	(71)	66	(121)	(111)
Balance sheet					
Non current assets	1,833	1,825	1,832	1,827	2,102
Net working capital	532	491	438	445	474
Invested capital	2,365	2,343	2,269	2,272	2,576
Total assets	2,751	2,655	2,557	2,542	2,843
Equity	1,265	1,232	1,105	1,256	1,532
Net interest-bearing debt	1,100	1,185	1,250	1,151	1,117

DKK million	2017	2016	2015	2014	2013
Key financials					
Gross margin	31.5%	29.3%	36.5%	43.0%	32.3%
EBITDA margin	26.3%	24.7%	22.3%	29.9%	21.0%
<i>Adjusted EBITDA margin</i>	<i>26.6%</i>	<i>21.3%</i>	-	-	-
EBIT margin	18.8%	17.4%	15.1%	21.5%	13.1%
Free cash flow / Revenue	8.1%	6.3%	(7.2%)	(4.1%)	(9.4%)
Cash conversion	43.1%	36.1%	(56.5%)	(18.9%)	(71.0%)
Investments in property, plant and equipment	141	76	107	76	130
NIBD/Adjusted EBITDA LTM	2.6x	4.0x	-	-	-
Equity ratio	46.0%	46.4%	43.2%	49.4%	53.9%
ROIC	12.9%	10.6%	8.4%	10.2%	7.2%
FTE year end	2,232	2,350	2,423	2,205	2,073
Share ratios					
Earnings per share, DKK	3.1	3.3	0.8	0.9	2.3

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

Goodvalley Bond Obligor Group¹

DKK million	2017
Goodvalley Bond Obligor Group	
Revenue	1,460
Total Income	1,495
EBITDA	375
<i>Adjusted EBITDA</i>	<i>374</i>
Net interest-bearing debt	1,081
Adjusted EBITDA LTM	374
NIBD/Adjusted EBITDA LTM	2.9

¹Bond Obligor Group consists of: Goodvalley A/S, Finansax ApS, Poldanor SA, Prime Food SA and Danosha ltd