

A hand in a white sleeve reaches for a package of Goodvalley sausages on a red supermarket shelf. The package is labeled 'GOODVALLEY Home of Quality Parówki 100% MIĘSA Bez konserwantów'. The background shows rows of similar products on shelves.

GOODVALLEY

Since  1994

Home of Quality

Annual report 2019

Conference Call

27 February 2020

Agenda

SPEAKERS

FACTS AND FIGURES – 2019

SEGMENT OVERVIEW

POLAND

UKRAINE

RUSSIA

OUTLOOK 2020

Q&A SESSION



HANS HENRIK PEDERSEN

CEO



KRISTIAN BROKOP

VICE CEO

DISCLAIMER

This presentation contains forward-looking statements.

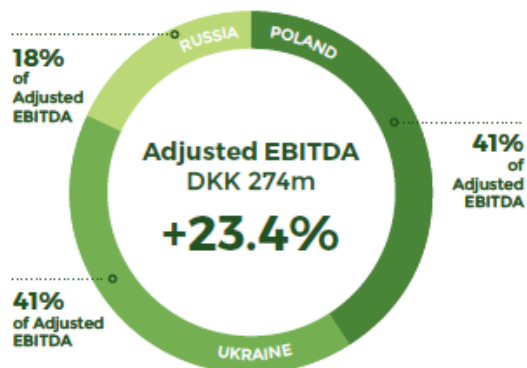
Such statements are subject to risks and uncertainties as various factors, many of which are beyond Goodvalley A/S' control, may cause actual developments and results to differ materially from the expectations contained in the presentation.

Facts and figures – 2019

IMPROVED PERFORMANCE IN A VOLATILE YEAR



Revenue grew by 4% due to higher live pig prices and volume growth.



Adjusted EBITDA increased driven by live pig sales despite low profitability from pork sales and weak arable yields.



2,269 employees

The continued education of our skilled and experienced employees forms the foundation for Goodvalley's continued development and success.



34 farms

We continuously invest in our well-diversified production network comprised of 34 farms, 1 slaughterhouse and 9 biogas plants in Poland, Ukraine and Russia.



Climate friendly

Goodvalley was certified as a carbon neutral company again in 2019 based on our vertically integrated business model.



38,300 hectares

Goodvalley's arable land bank increased by 700 hectares in 2019 to a total of 38,300 hectares of land.



9 branded products

We are building a strong food brand in Poland where we now offer 9 branded products to consumers in 3,900 stores across the country.

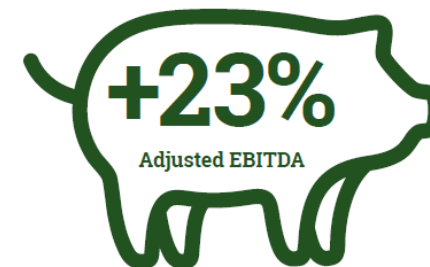


SDGs

Sustainability is an integral part of Goodvalley's business model, and we continue to improve our sustainable and responsible production principles with reference to the SDGs.

Segment overview

Goodvalley has established a solid land bank of 38,300 hectares and a well-diversified production network of 34 farms resulting in strong market positions in Poland and Ukraine as well as a solid platform in Russia.



POLAND

We sharpened our consumer focus in 2019 to build a strong food brand

3,900

Stores across Poland sold Goodvalley's branded products

UKRAINE

Optimisation was crucial to alleviate impact of tough external conditions

LEAN

Contributed to countering efficiency challenges in 2019

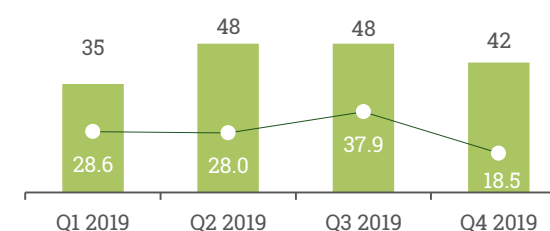
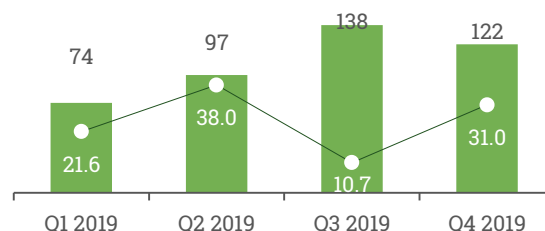
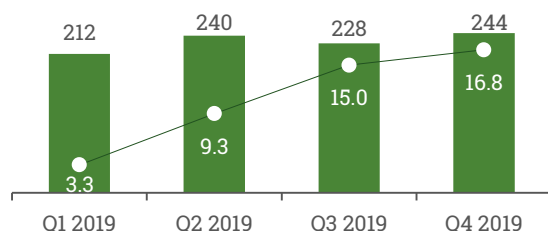
RUSSIA

We increased production and prepared for further expansion

+4%

Growth in live pigs sales volume

REVENUE, DKK MILLION, AND ADJUSTED EBITDA MARGIN, %



Poland I

25



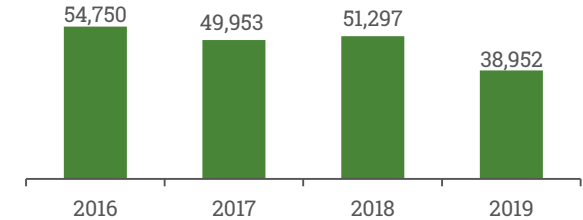
25 farms producing climate friendly meat

The Polish business is comprised of production and sales of pork products from Goodvalley's slaughterhouse, live pigs from 25 production facilities and crops from 15,200 hectares of land as well as energy from eight biogas plants.

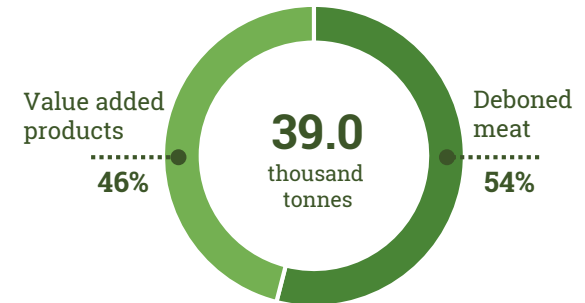


● FARMS ■ SLAUGHTERHOUSE

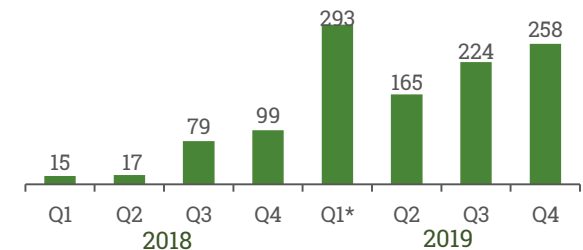
SALE OF PORK, THOUSAND TONNES



FOOD PRODUCT PORTFOLIO



SALE OF BRANDED PRODUCTS, TONNES



*Impact incl. one-off effect from in-outs.

Poland II

Higher revenue driven by price increase

- Lower pork meat sales due to high input costs
- Live pig sales increased at higher average price

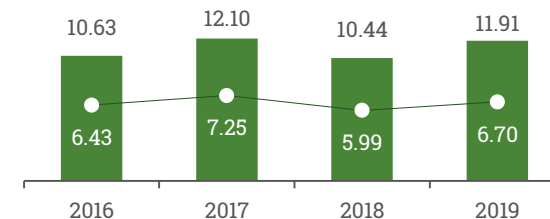
Improved profitability

- Significantly higher pig price and stable feed costs
- Efficiency improvements driven by organisational and management changes
- Sharp decline in contribution from sales of pork meat

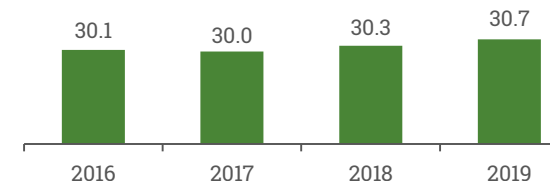


DKK million	2019	2018	Q4 2019	Q4 2018
REVENUE	925	907	244	220
EBITDA	190	38	61	(24)
ADJUSTED EBITDA	112	45	41	(12)
ADJUSTED EBITDA MARGIN	12.1%	5.0%	16.8%	(5.5%)

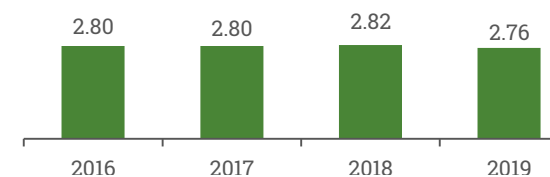
PIG PRICE, DKK/KG AND MEAT TO FEED RATIO



PIGS SOLD PER SOW, HEADS



FEED CONVERSION RATIO, KG (WHOLE HERD)



Ukraine

Revenue lifted by price and volume growth

- Average pig price increased by 11%
- Low crop yield of 4.2 tonnes per hectare (2018: 5.7 tonnes)

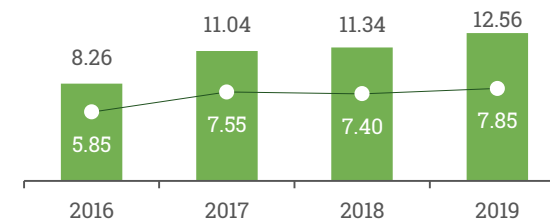
Lower profitability after unsatisfactory arable results

- Harsh weather conditions impacted performance
- Pig production efficiency increased despite cases of stomach ulcers in the herd

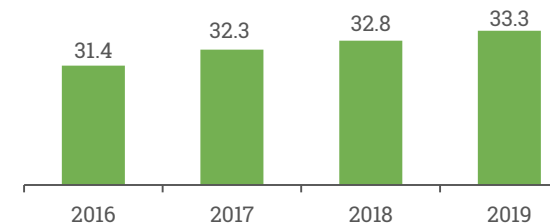


DKK million	2019	2018	Q4 2019	Q4 2018
REVENUE	429	393	122	102
EBITDA	118	110	43	9
ADJUSTED EBITDA	113	112	38	17
ADJUSTED EBITDA MARGIN	26.3%	28.5%	31.1%	16.7%

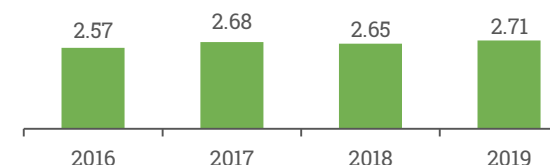
PIG PRICE, DKK/KG AND MEAT TO FEED RATIO



PIGS SOLD PER SOW, HEADS



FEED CONVERSION RATIO, KG (WHOLE HERD)



Russia

Stable revenue despite volume growth

- Sharp decline in the average sales price for live pigs
- Lower-than-expected arable yield

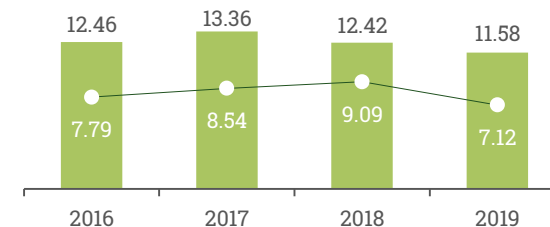
External conditions impacted profitability

- Stable pig production performance
- Low pig price reduced earnings
- Challenging weather impacted the arable production

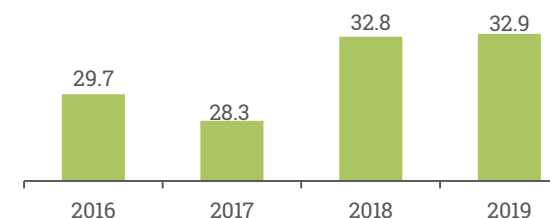


DKK million	2019	2018	Q4 2019	Q4 2018
REVENUE	172	173	42	48
EBITDA	46	68	9	5
ADJUSTED EBITDA	49	69	7	17
ADJUSTED EBITDA MARGIN	28.5%	39.9%	16.7%	35.4%

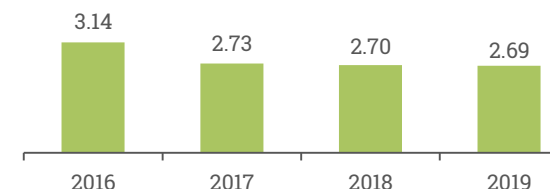
PIG PRICE, DKK/KG AND MEAT TO FEED RATIO



PIGS SOLD PER SOW, HEADS



FEED CONVERSION RATIO, KG (WHOLE HERD)



Outlook 2020

GOODVALLEY EXPECTS HIGHER REVENUE AND EARNINGS IN 2020

FINANCIAL OUTLOOK

DKK million	2019 actuals	2020 outlook
Revenue	1,526	1,600-1,750
Adjusted EBITDA	274	320-380



- High live pig prices
- Improved production efficiency
- Higher arable yields
- Significant impact of salary inflation in all three countries
- Overcapacity in the Polish bulk market for pork meat
- High input costs in the food production



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 2020 is based on an average market pig price for live pigs of DKK 12.90 per kilo slaughter pig and a feed price of DKK 1.65 per kilo at Group level. The outlook is furthermore based on exchange rates for the Group's key currencies remaining at the closing rates on December 2019 for the full year. The outlook represents our current expectations for the development in the Group's revenue and Adjusted EBITDA, and Goodvalley's EBITDA may thus deviate significantly from this outlook.



“We have taken recently acquired arable land in Ukraine and Russia into rotation, and we continuously assess potential expansion opportunities.”

Kristian Brokop Jakobsen
Vice CEO

Questions

Contact information



HANS HENRIK PEDERSEN
CEO

KRISTIAN BROKOP
VICE CEO

FINANCIAL CALENDAR 2020

23 APRIL 2020	Annual general meeting
28 MAY 2020	Interim report Q1 2020
21 AUGUST 2020	Interim report Q2 2020
26 NOVEMBER 2020	Interim report Q3 2020

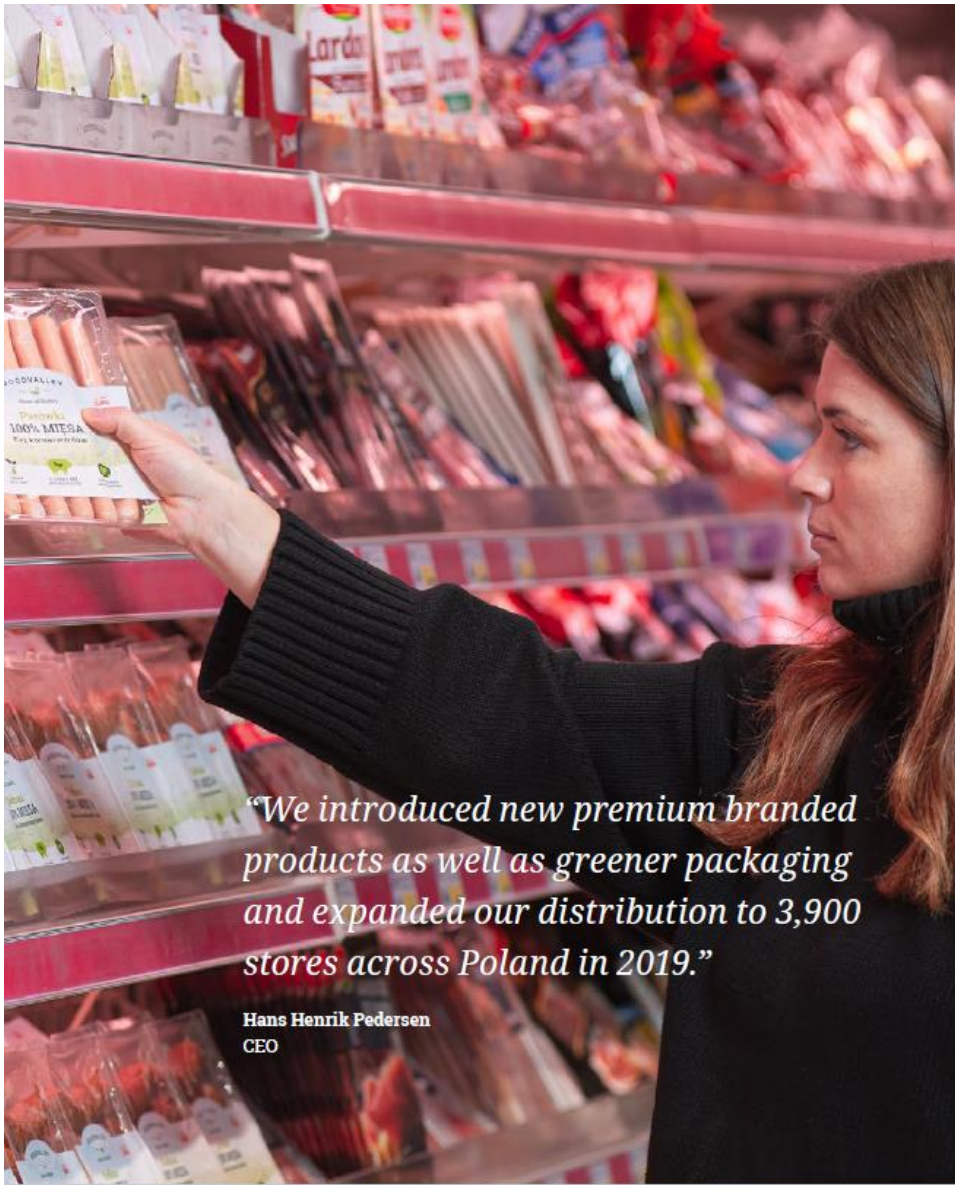
GOODVALLEY A/S

Vesterbrogade 4A
DK-1620 Copenhagen

Tel.: +45 76 52 20 01

Mail: investor@goodvalley.com

Web: www.goodvalley.com



“We introduced new premium branded products as well as greener packaging and expanded our distribution to 3,900 stores across Poland in 2019.”

Hans Henrik Pedersen
CEO

Appendix

Key figures and financial ratios

DKK million	Q4 2019	Q4 2018	2019	2018
Income statement				
Revenue	405	371	1,526	1,473
Total income	409	315	1,644	1,493
Gross profit	159	35	474	333
EBITDA	114	(2)	354	212
<i>Adjusted EBITDA</i>	<i>89</i>	<i>32</i>	<i>274</i>	<i>222</i>
EBIT	75	(31)	207	91
Financial items, net	(9)	(14)	(18)	(65)
Profit/(loss) for the period	68	(49)	188	18
<i>Adjusted profit</i>	<i>33</i>	<i>(21)</i>	<i>59</i>	<i>36</i>
Cash flow				
Operating activity	74	48	205	194
Investing activity	(31)	(55)	(83)	(269)
Free cash flow	43	(41)	121	75
Financing activity	(27)	(37)	(97)	(28)
Balance sheet				
Non current assets	2,105	1,927	2,105	1,927
Net working capital	585	475	585	475
Invested capital	2,690	2,402	2,690	2,402
Total assets	2,929	2,630	2,929	2,630
Equity	1,568	1,230	1,568	1,230
Net interest-bearing debt	1,122	1,171	1,122	1,171

DKK million	Q4 2019	Q4 2018	2019	2018
Financial ratios				
Gross margin	39.3	9.4	31.0	22.6
EBITDA margin	28.1	(0.5)	23.2	14.4
<i>Adjusted EBITDA margin</i>	<i>22.0</i>	<i>8.6</i>	<i>17.9</i>	<i>15.1</i>
EBIT margin	18.5	(8.4)	13.5	6.2
Free cash flow / revenue	10.6	(1.9)	7.9	(5.1)
Cash conversion	48.3	(21.9)	58.6	87.4
Capex	40	37	100	257
NIBD/Adjusted EBITDA LTM	4.1	5.3	4.1	5.3
Equity ratio	53.6	46.8	53.6	46.8
ROIC	4.9	3.9	4.9	3.9
FTE	2,269	2,327	2,269	2,327
Share ratios				
Earnings per share, DKK	1.3	(0.9)	3.5	0.3

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

Goodvalley Bond Obligor Group¹

DKK million	Q4 2019	Q4 2018	2019	2018
Goodvalley Bond Obligor Group				
Revenue	368	328	1,359	1,305
Total income	374	280	1,479	1,323
EBITDA	104	(4)	306	144
<i>Adjusted EBITDA</i>	<i>80</i>	<i>15</i>	<i>223</i>	<i>153</i>
Net interest-bearing debt	1,082	1,177	1,082	1,177
Adjusted EBITDA LTM	223	153	223	153
NIBD/Adjusted EBITDA LTM	4.9	7.7	4.9	7.7

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