

GOODVALLEY

Since  1994

Home of Quality

**Interim
report
H1 2020**

CONFERENCE CALL
24 AUGUST 2020

Agenda

SPEAKERS

HIGHLIGHTS – Q2 2020

SEGMENT OVERVIEW

POLAND

UKRAINE

RUSSIA

OUTLOOK 2020

Q&A SESSION



HANS HENRIK PEDERSEN

CEO



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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.

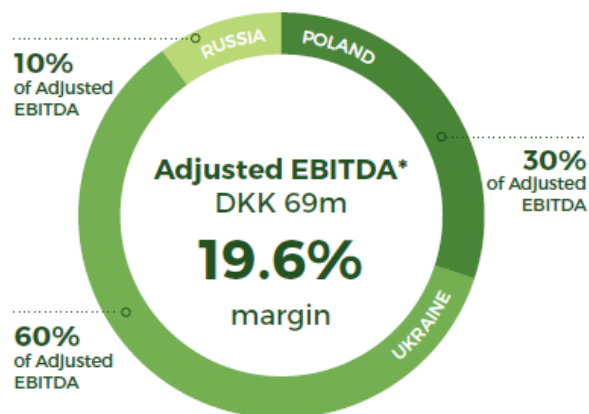
Highlights – Q2 2020

GOODVALLEY SAFEGUARDED PROFITABILITY DESPITE COVID-19 IMPACT

Lower live pig prices and fewer slaughterings affected revenue in the quarter.



Goodvalley maintained satisfactory operations and protected profitability in the face of challenging market conditions.



Solid profitability despite COVID-19

Profitability was stable despite lower revenue and earnings following COVID-19 impact and lower prices

Satisfactory operations during volatility

Operations were sustained at all production sites and the slaughterhouse, but PRRS outbreak impacted Russian efficiency

Continued branded product growth

Strong development in sales of branded products continued despite COVID-19 effects and lower demand for pork products

Guidance maintained

Market challenges expected to continue in the short-term with expected stabilization of prices in the second half of 2020

Segment overview

Goodvalley maintained satisfactory operations in Q2 2020 despite challenging market conditions during the outbreak of COVID-19, which entailed volatility, significant price fluctuations and a decline in local currencies entailing a temporary negative translation effect. The Group continued to boost sales of branded premium products and acquired a sow farm in Gniewno to increase production capacity in Poland.

POLAND

Sales of branded premium products continued to grow during COVID-19

+183%

growth in branded product sales volume

UKRAINE

Continued strong operational and financial performance

+11%

growth in Adjusted EBITDA

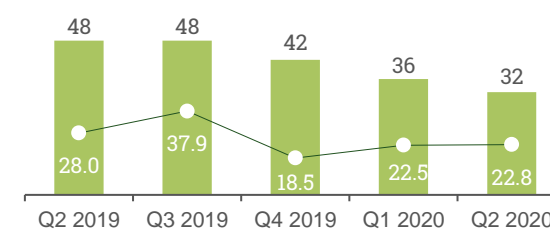
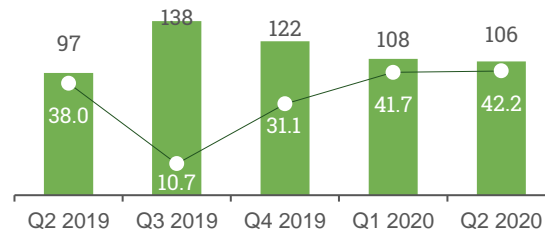
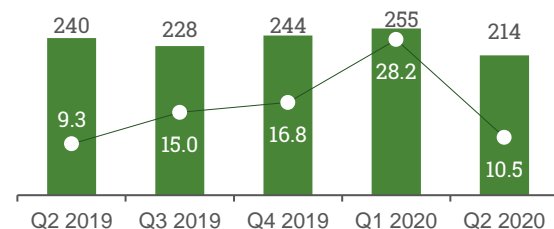
RUSSIA

Volumes and production efficiency were impacted by outbreak of PRRS

-18%

decline in live pigs sales

REVENUE, DKK MILLION, AND ADJUSTED EBITDA MARGIN, %



Poland I



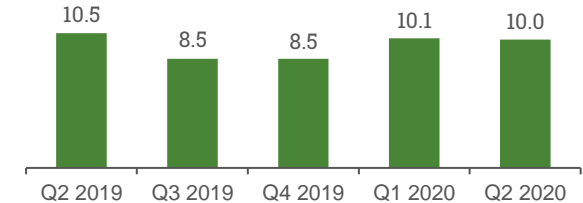
Expansion of production capacity

In June, Goodvalley increased production capacity in Poland by around 2,000 sows with the acquisition of a farm in Gniewno located near the Group's main production network. Goodvalley furthermore expanded the arable bank through a 20-year lease agreement for 530 hectares of land.

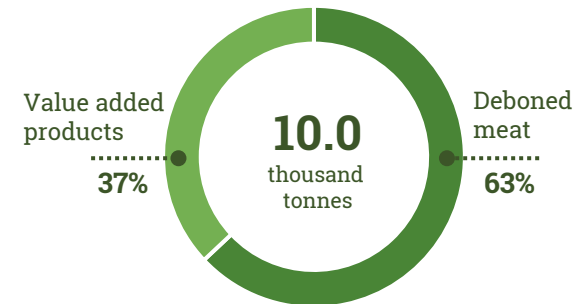
Continued development of the Polish business

- Strong growth in sale of branded products despite COVID-19
- Branded products now expected to reach 1,800 tonnes in 2020
- Acquisition of sow farm in Gniewno with around 2,000 sows

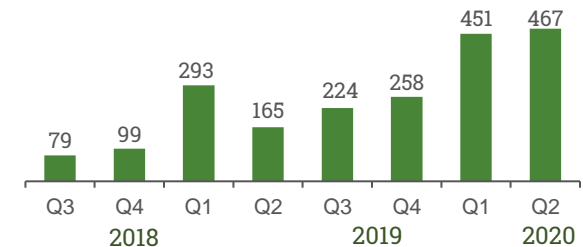
SALE OF PORK, THOUSAND TONNES



FOOD PRODUCT PORTFOLIO



SALE OF BRANDED PRODUCTS, TONNES



Poland II

Revenue declined due to COVID-19 effects

- Oversupply of pigs and lower prices
- Lower pork meat sales partly offset by solid live pig sales

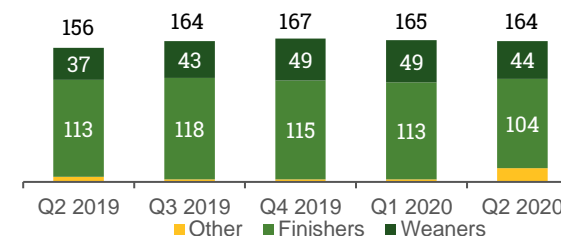
Slightly improved profitability

- Satisfactory slaughterhouse performance
- Lower prices compensated by high efficiency
- Improved feed conversion and lower feed prices
- Temporary decline in pigs sold per sow

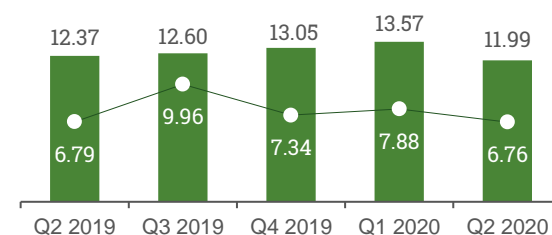


DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
REVENUE	214	240	469	452
EBITDA	(17)	71	87	88
ADJUSTED EBITDA	22	22	99	29
ADJUSTED EBITDA MARGIN	10.5%	9.3%	21.2%	6.4%

SALE OF PIGS, THOUSAND HEADS



PIG PRICE, DKK/KILO, AND MEAT TO FEED RATIO



PIGS SOLD PER SOW, HEADS



Ukraine

Revenue grew significantly

- Strong 13% volume growth
- Continued high efficiency level

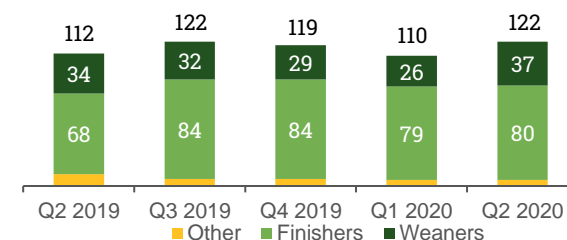
Excellent profitability level

- Revenue growth and efficiency improvements
- Progress realised despite lower prices

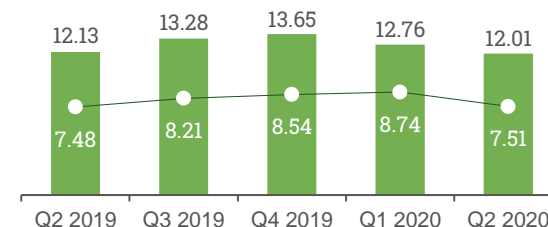


DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
REVENUE	106	97	214	172
EBITDA	35	49	91	55
ADJUSTED EBITDA	45	37	94	53
ADJUSTED EBITDA MARGIN	42.2%	37.9%	43.7%	30.8%

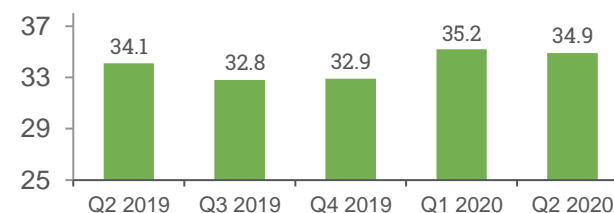
SALE OF PIGS, THOUSAND HEADS



PIG PRICE, DKK/KILO, AND MEAT TO FEED RATIO



PIGS SOLD PER SOW, HEADS



Russia

Significant revenue decline after PRRS outbreak

- Lower volumes after efficiency decline
- Normalisation after PRRS outbreak expected early 2021
- Sharp decline in average price

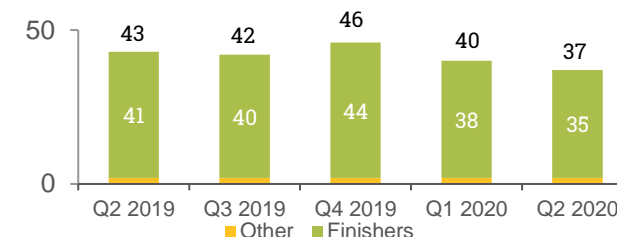
Profitability affected by low efficiency

- Pigs sold per sow declined to 19.6
- Significant improvement of feed price

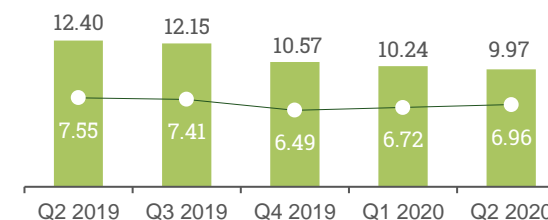


DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
REVENUE	32	48	68	83
EBITDA	2	12	20	26
ADJUSTED EBITDA	7	13	14	24
ADJUSTED EBITDA MARGIN	22.8%	27.2%	20.8%	28.9%

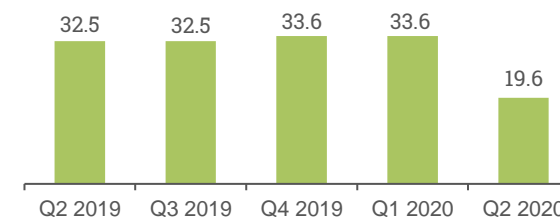
SALE OF PIGS, THOUSAND HEADS



PIG PRICE, DKK/KILO, AND MEAT TO FEED RATIO



PIGS SOLD PER SOW, HEADS



Outlook 2020

GOODVALLEY MAINTAINS GUIDANCE

Limited visibility and increased risk

- COVID-19 affects consumer demand, trade and economic conditions
- Temporary decline in consumption and demand
- Substitution from professional to retail sales
- Closure of slaughterhouses and production plants
- Disruption of operations and very limited exports

Significant volatility in live pig prices

- Low prices in the short term
- Expected rebound during the second half of 2020


FINANCIAL OUTLOOK

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

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 12.35 per kilo slaughter pig (previously DKK 12.90) and a feed price of DKK 1.67 per kilo (previously DKK 1.65) at Group level and expectations of market stabilisation in the second half of the year. The outlook is furthermore based on prevailing exchange rates for the Group's key currencies. The assumptions are subject to significant uncertainty due to the outbreak of COVID-19.



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QUESTIONS

Contact information



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FINANCIAL CALENDAR 2020

26 NOVEMBER 2020

Interim report 9M 2020

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Appendix: Key figures and financial ratios

DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
Income statement				
Revenue	352	385	751	707
Total income	374	518	860	898
Gross profit	45	160	249	225
EBITDA	15	136	191	177
<i>Adjusted EBITDA</i>	<i>69</i>	<i>77</i>	<i>200</i>	<i>114</i>
EBIT	(22)	100	114	106
Financial items, net	(4)	(4)	(75)	(12)
Profit/(loss) for the period	(27)	95	39	92
<i>Adjusted net profit</i>	<i>16</i>	<i>24</i>	<i>91</i>	<i>6</i>
Cash flow				
Operating activity	35	61	112	86
Investing activity	(51)	(15)	(90)	(36)
Free cash flow	(16)	45	22	51
Financing activity	22	(24)	13	(34)
Balance sheet				
Non-current assets	-	-	1,943	2,040
Net working capital	-	-	577	542
Invested capital	-	-	2,520	2,582
Total assets	-	-	2,787	2,839
Equity	-	-	1,435	1,399
Net interest-bearing debt	-	-	1,089	1,186

DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
Financial ratios				
Gross margin	12.8%	41.5%	33.1%	31.9%
EBITDA margin	4.2%	35.2%	25.4%	25.1%
<i>Adjusted EBITDA margin</i>	<i>19.6%</i>	<i>20.0%</i>	<i>26.6%</i>	<i>16.1%</i>
EBIT margin	(6.3%)	26.0%	15.2%	15.0%
Free cash flow / revenue	(4.4%)	11.8%	2.9%	7.3%
Cash conversion	50.0%	79.1%	56.2%	76.6%
Capex	56	19	81	41
NIBD/Adjusted EBITDA LTM	-	-	3.0	6.6
Equity ratio	-	-	51.5%	49.3%
ROIC	-	-	8.1%	1.6%
FTE	-	-	2,318	2,209
Share ratios				
Earnings per share, DKK	(0.5)	1.8	0.7	1.7

Appendix: Goodvalley Bond Obligor Group¹

DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019
Goodvalley Bond Obligor Group				
Revenue	322	337	686	624
Total income	342	471	779	804
EBITDA	15	124	173	152
<i>Adjusted EBITDA</i>	<i>64</i>	<i>64</i>	<i>188</i>	<i>90</i>
Net interest-bearing debt	-	-	1,090	1,175
Adjusted EBITDA LTM	-	-	325	119
NIBD/Adjusted EBITDA LTM	-	-	3.4	9.9

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

Appendix: Consolidated production overview

Volume	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Total pigs sold, tonnes (live weight)									
Poland	13,887	15,183	14,910	14,780	14,281	14,037	14,887	13,548	14,066
Ukraine	10,677	10,353	11,225	10,949	9,453	8,142	10,309	9,374	9,070
Russia	4,164	4,597	5,158	4,801	5,060	4,136	5,055	4,511	4,581
Group	28,728	30,134	31,293	30,529	28,793	26,314	30,250	27,434	27,717
Total heads sold									
Weaners	81,450	74,327	77,552	75,043	71,268	82,752	90,333	95,091	102,609
Finishers	219,231	229,989	242,814	241,069	222,336	198,175	229,332	209,105	209,370
Other pigs	23,221	10,191	10,950	11,549	18,040	23,524	13,203	9,968	11,438
Group	323,902	314,507	331,316	327,661	311,644	304,451	333,244	314,164	323,417
Prices	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Pig price 1st class finishers sl. weight (total group)									
Poland	11.99	13.57	13.05	12.60	12.37	9.07	9.99	10.35	10.63
Ukraine	12.01	12.76	13.65	13.28	12.13	10.33	11.08	11.73	11.66
Russia	9.97	10.24	10.57	12.15	12.40	11.19	12.41	13.56	12.57
Group	11.63	12.62	12.79	12.78	12.29	9.96	10.80	11.22	11.31
Feed price per kg, all feed									
Poland	1.77	1.72	1.78	1.81	1.82	1.80	1.74	1.83	1.72
Ukraine	1.60	1.46	1.60	1.62	1.62	1.63	1.53	1.63	1.58
Russia	1.43	1.52	1.63	1.64	1.64	1.63	1.37	1.43	1.17
Group	1.63	1.60	1.69	1.72	1.73	1.72	1.61	1.70	1.59
Meat to feed ratio									
Poland	6.76	7.88	7.34	6.96	6.79	5.03	5.74	5.66	6.17
Ukraine	7.51	8.74	8.54	8.21	7.48	6.33	7.23	7.18	7.37
Russia	6.96	6.72	6.49	7.41	7.55	6.85	9.09	9.50	10.73
Group	7.13	7.89	7.56	7.44	7.12	5.78	6.70	6.60	7.13
Efficiency	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Feed conversion ratio, whole herd									
Poland	2.61	2.73	2.75	2.70	2.78	2.81	2.82	2.85	2.83
Ukraine	2.58	2.69	2.76	2.73	2.66	2.68	2.72	2.58	2.64
Russia	2.80	2.77	2.72	2.73	2.65	2.68	2.67	2.69	2.69
Group	2.62	2.72	2.75	2.72	2.72	2.74	2.76	2.73	2.74
Pigs sold per sow per year									
Poland	29.22	30.20	30.38	30.08	30.02	32.18	29.72	29.69	30.91
Ukraine	34.87	35.19	32.94	32.79	34.11	33.90	32.88	33.23	34.29
Russia	19.56	33.57	33.64	32.45	32.54	33.57	33.06	32.02	32.04
Group	29.88	32.29	31.65	31.30	31.95	32.97	30.99	31.18	32.13