

May 12 2021

Q1 2021 financial update

Goodvalley grew pork meat sales moderately and maintained stable live pig volumes in Q1 2021 despite continued market volatility, but the Group's financial results were significantly impacted by lower pig prices and high feed prices in the quarter.

Sales of branded products grew by 124% and reached a record-high of 1,011 tonnes, and production efficiency was high in all three countries with record-high production results in Ukraine and steadily increasing results in Poland and Russia. Towards the end of the quarter, prices of weaners and finishers rebounded as demand increased across Europe in expectation of a re-opening of the foodservice sales channel in the wake of COVID-19 and higher capacity at the German slaughterhouses.

In March, Goodvalley completed a management change when Vice CEO Kristian Brokop was appointed CEO as Hans Henrik Pedersen stepped down as CEO to pursue new professional challenges outside the Group. In mid-March, Goodvalley redeemed and delisted the Group's bond from trading on Nasdaq Copenhagen as part of a successful refinancing of the EUR 135 million bond with a EUR 140 million 4-year bank club facility with PKO Bank Polska and Jyske Bank. The refinancing strengthens Goodvalley's financial position and positions the Group for future growth and continued investment in the development of the Goodvalley food brand.

Financial highlights Q1 2021

- Revenue declined to 313 million (Q1 2020: DKK 399 million) driven by significantly lower pig prices of DKK 9.67 per kilo (Q1 2020: DKK 12.62 per kilo) following the COVID-19 pandemic and the ASF outbreak in Germany in 2020.
- Adjusted EBITDA dropped to DKK 43 million (Q1 2020: DKK 131 million) corresponding to an Adjusted EBITDA margin of 13.6% (Q1 2020: 32.5%) on the back of lower revenue and due to a steep increase in the feed price across all three markets caused by a poor grain harvest in 2020.
- Invested capital was DKK 2,401 million (Q1 2020: DKK 2,473 million), and ROIC LTM came to 2.8% (Q1 2020 ROIC LTM: 8.7%) mainly driven by lower earnings from lower pig prices.
- Net interest-bearing debt increased to DKK 1,066 million (31 December 2020: DKK 1,042 million). Calculated on a running 12 months' basis, NIBD/Adj EBITDA was 4.7.

"The tough market conditions continued in the first quarter of 2021 where we continued to grow sales of branded products and delivered solid pork and live pig volumes as well as strong production efficiency to safeguard profitability. We see signs of improvement in our markets and maintain our guidance for 2021 despite the continued uncertainty under the outbreak of COVID-19," says CEO, Kristian Brokop.

Outlook

Goodvalley maintains the outlook for 2021 and expects revenue and Adjusted EBITDA to reach DKK 1,450 - 1,600 million and DKK 220-280 million, respectively. The outlook is based on continued market challenges related to COVID-19 and a continued negative effect from low pig prices and high feed prices.

Financial calendar

24 August 2021: Interim report Q2 2021

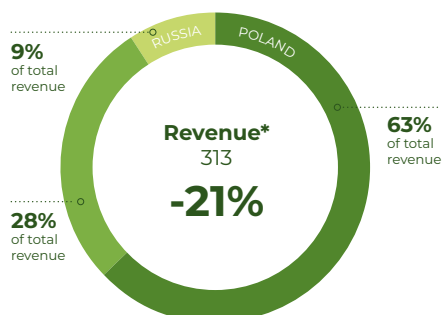
11 November 2021: Interim Report Q3 2021

Further information:

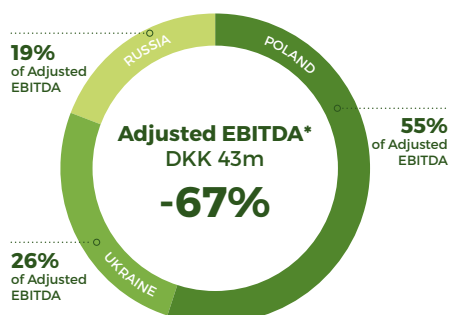
Kristian Brokop, CEO, tel. 76 52 20 00

Jakob Brasted, CFO, tel. 76 52 20 00

Total results



Revenue declined by 21% due to a significant decrease in live pig prices.



Adjusted EBITDA decreased significantly driven by significantly lower weaner and finisher prices.

Financial highlights

DKK million	Q1 2021	Q1 2020	FY2020
Income statement			
Revenue	313	399	1,463
Total income	429	486	1,428
Gross profit	142	203	345
EBITDA	106	176	233
<i>Adjusted EBITDA</i>	<i>43</i>	<i>131</i>	<i>316</i>
EBIT	69	136	71
Financial items, net	(28)	(70)	(159)
Profit/(loss) for the period	43	66	(86)
<i>Adjusted net profit</i>	<i>(33)</i>	<i>75</i>	<i>93</i>
Cash flow			
Operating activity	(5)	78	178
Investing activity	35	(26)	(142)
Free cash flow	31	52	36
Financing activity	(10)	(23)	12
Balance sheet			
Non-current assets	1,860	1,878	1,858
Net working capital	540	595	460
Invested capital	2,401	2,473	2,318
Total assets	2,715	2,742	2,564
Equity	1,229	1,398	1,166
Net interest-bearing debt	1,066	1,080	1,042
Share ratios			
Earnings per share, DKK	0.8	1.2	(1.6)
Key financials Group			
Gross margin	45.3%	51.0%	23.6%
EBITDA margin	33.7%	44.2%	15.9%
Adjusted EBITDA margin	13.6%	32.5%	21.6%
EBIT margin	22.2%	34.1%	4.8%
Capex	7	24	155
NIBD/Adjusted EBITDA LTM	4.7	2.9	3.3
Equity ratio	45.3%	51.0%	45.5%
ROIC	2.8%	8.7%	6.4%
FTE end of period	2,281	2,262	2,304

Forward looking statements

This report contains forward-looking statements reflecting Goodvalley's current forecasts of future events, operational performance and financial results. Such statements are subject to uncertainty as factors within and beyond Goodvalley's control may cause actual performance and results to differ materially from the forecasts in this report. Such factors include, among other things, the fair value of pigs, global and local market prices of pork meat, changes in consumer preferences and demand, consumer purchasing power, competition, any outbreak of animal diseases or epidemics, the supply of utilities, development in financial markets and changes or amendments to legislation, regulation or the political situation in Goodvalley's markets. See also the section on risk management and note 4.2 to the financial statements in the 2020 annual report.

Financial performance

Segments



Poland

DKK million	Q1 2021	Q1 2020
Revenue	196	255
Change in fair value	72	40
Other income	7	5
Total income	275	300
EBITDA	82	100
Adjusted EBITDA	30	72
Adjusted EBITDA margin	15.1%	28.2%

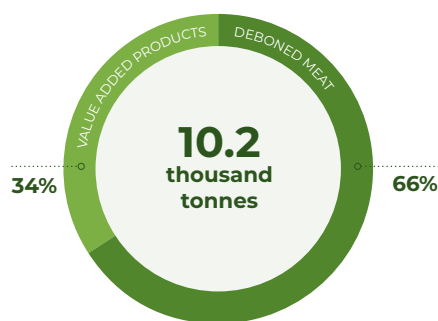
Sales of branded products increased to a record high of 1,011 tonnes (Q1 2020: 451 tonnes) in Q1 2021 on the back of marketing campaigns across various media channels and retailers. Pork meat sales increased to 10.2 thousand tonnes (Q1 2020: 9.9 thousand tonnes). The share of branded products increased to more than 9%, while the total share of value-added products declined to 34% (Q1 2020: 39%) mainly due to a significant decline in sales to hotels and restaurants during the outbreak of COVID-19.

The Polish business increased sales of live pigs to 15.4 thousand tonnes (Q1 2020: 15.2 thousand tonnes) and improved efficiency as pigs sold per sow increased to a level of 31.7 in Q1 2021 (Q1 2020: 30.0).

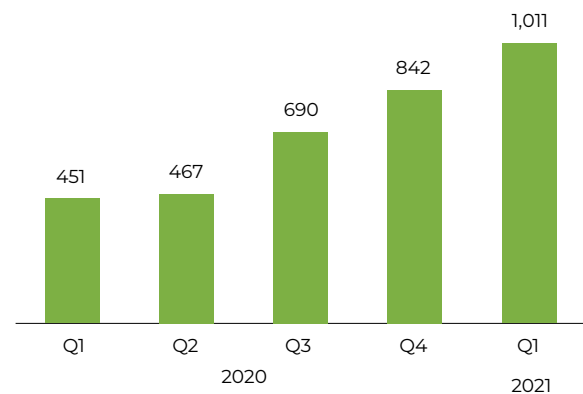
Segment revenue decreased to DKK 196 (Q1 2020: DKK 255 million) as the increase in pork meat sales could not outweigh a drop in the average pig price to DKK 9.00 per kilo (Q1 2020: DKK 13.57 per kilo) in Q1 2021. The Polish business accounted for 63% of Group revenue, and segment revenue was comprised of 80% from pork products, 17% from external sales of live pigs and 3% from external sales of crops and energy.

Adjusted EBITDA decreased significantly to DKK 30 million (Q1 2020: DKK 72 million), resulting in a decline in the Adjusted EBITDA margin to 15.1% (Q1 2020: 28.2%). The decrease was attributable to lower pig prices, which could not be offset by higher efficiency.

Food product portfolio



Sales of branded products, tonnes



Financial performance

Segments – continued



Ukraine

DKK million	Q1 2021	Q1 2020
Revenue	87	108
Change in fair value	20	28
Other income	-	-
Total income	107	136
EBITDA	16	52
Adjusted EBITDA	14	45
Adjusted EBITDA margin	15.3%	41.7%

The Ukrainian business unit continued to increase production efficiency, delivering strong volume growth as sales of live pigs increased to 10.7 thousand tonnes (Q1 2020: 10.4 thousand tonnes) driven by a higher share of finishers sold. The average sales price decreased to DKK 9.99 per kilo (Q1 2020: DKK 12.76 per kilo) in Q1 2021. The drop in pig prices entailed a decline in revenue to DKK 87 million (Q1 2020:

DKK 108 million) despite higher efficiency in the stables. In Q1 2021, 98% of segment revenue came from external sales of live pigs and 2% from external sales of crops and energy. The Ukrainian segment accounted for 28% of Group revenue in Q1 2021.

Adjusted EBITDA decreased significantly to DKK 14 million (Q1 2020: DKK 45 million) in Q1 2021, corresponding to an Adjusted EBITDA margin of 15.3% (Q1 2020: 41.7%). The decline was driven by lower revenue and a steep increase in feed prices to DKK 1.95 per kilo (Q1 2020: DKK 1.46 per kilo), and these effects could not be compensated by record-high efficiency in the Ukrainian pig production with 37.2 pigs sold per sow (Q1 2020: 35.2) in Q1 2020.



Russia

DKK million	Q1 2021	Q1 2020
Revenue	30	36
Change in fair value	16	14
Other income	-	-
Total income	46	50
EBITDA	18	19
Adjusted EBITDA	10	8
Adjusted EBITDA margin	33.6%	22.2%

The Russian business unit's sales of live pigs decreased to 3.6 thousand tonnes (Q1 2020: 4.6 thousand tonnes) in Q1 2021 as the effect of PRRS in mid-2020 reduced the number of finishers for sale. Production efficiency is expected to return to normal levels in Q2 2021. The average sales price increased to DKK 10.64 per kilo (Q1 2020: DKK 10.24 per kilo).

Revenue decreased to DKK 30 million (Q1 2020: DKK 36 million) as the increase in prices could not compensate for the decrease in volumes. The Russian business' revenue came from external sales of live pigs and accounted in total for 9% of Group revenue.

The segment's Adjusted EBITDA increased to DKK 9 million (Q1 2020: DKK 8 million), corresponding to an Adjusted EBITDA margin of 29.8% (Q1 2020: 22.2%) in Q1 2021. The development was driven by the increase in pig prices as well as strong cost control. Production efficiency declined as pigs sold per sow decreased to 31.1 (Q1 2020: 33.6) on the back of the PRRS outbreak. Feed prices increased to DKK 1.61 per kilo (Q1 2020: DKK 1.53 per kilo).

Consolidated production overview

Volume	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Total pigs sold, tonnes (live weight)									
Poland	15,431	15,775	14,900	13,887	15,183	14,910	14,780	14,281	14,037
Ukraine	10,719	11,308	10,702	10,677	10,353	11,225	10,949	9,453	8,142
Russia	3,670	3,009	4,467	4,164	4,597	5,158	4,801	5,060	4,136
Group	29,820	30,093	30,069	28,728	30,134	31,293	30,529	28,793	26,314
Total heads sold									
Weaners	86,996	79,796	84,370	81,450	74,327	77,552	75,043	71,268	82,752
Finishers	226,489	227,801	229,317	219,231	229,989	242,814	241,069	222,336	198,175
Other pigs	8,947	10,006	22,238	23,221	10,191	10,950	11,549	18,040	23,524
Group	322,432	317,603	335,925	323,902	314,507	331,316	327,661	311,644	304,451
Prices	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Pig price 1. class finishers sl. weight									
Poland	9.00	9.04	10.67	11.99	13.57	13.05	12.60	12.37	9.07
Ukraine	9.99	10.12	11.37	12.01	12.76	13.65	13.28	12.13	10.33
Russia	10.64	9.39	11.22	9.97	10.24	10.57	12.15	12.40	11.19
Group	9.67	9.54	11.04	11.63	12.62	12.79	12.78	12.29	9.96
Feed price per kg, all feed									
Poland	1.75	1.74	1.84	1.77	1.72	1.78	1.81	1.82	1.80
Ukraine	1.95	1.71	1.56	1.60	1.46	1.60	1.62	1.62	1.63
Russia	1.61	1.55	1.41	1.43	1.52	1.63	1.64	1.64	1.63
Group	1.80	1.70	1.64	1.63	1.60	1.69	1.72	1.73	1.72
Meat to feed ratio									
Poland	5.16	5.20	5.79	6.76	7.88	7.34	6.96	6.79	5.03
Ukraine	5.12	5.92	7.28	7.51	8.74	8.54	8.21	7.48	6.33
Russia	6.59	6.04	7.97	6.96	6.72	6.49	7.41	7.55	6.85
Group	5.39	5.60	6.74	7.13	7.89	7.56	7.44	7.12	5.78
Efficiency	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Feed conversion ratio, whole herd									
Poland	2.73	2.68	2.67	2.61	2.73	2.75	2.70	2.78	2.81
Ukraine	2.50	2.62	2.73	2.58	2.69	2.76	2.73	2.66	2.68
Russia	2.67	2.85	3.00	2.80	2.77	2.72	2.73	2.65	2.68
Group	2.64	2.68	2.73	2.62	2.72	2.75	2.72	2.72	2.74
Pigs sold per sow per year									
Poland	31.67	29.80	29.68	29.22	30.20	30.38	30.08	30.02	32.18
Ukraine	37.17	34.61	33.32	34.87	35.19	32.94	32.79	34.11	33.90
Russia	31.20	31.25	21.14	19.56	33.57	33.64	32.45	32.54	33.57
Group	33.37	31.62	29.82	29.88	32.29	31.65	31.30	31.95	32.97

Consolidated Income Statement

Income Statement, 1 January - 31 March

DKK million	Q1 2021	Q1 2020
Revenue	313	399
Change in fair value of biological Assets	108	82
Grants and other income	8	5
Total Income	429	486
Cost of goods sold (COGS)	(287)	(283)
Gross profit/loss	142	203
SG&A	(36)	(27)
EBITDA	106	176
Depreciation, amortization and impairment losses	(36)	(40)
Profit/loss before financial expenses and tax	69	136
Financial income	3	1
Financial expenses	(40)	(16)
Exchange rate adjustments	11	(55)
Profit/loss before tax	43	66
Income tax	(0)	(0)
Profit/loss	43	66
Profit / loss is attributable to:		
Owners	43	66
Total	43	66

Statement of comprehensive income

DKK million	Q1 2021	Q1 2020
Profit for the period	43	66
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange adjustments of foreign enterprises	21	(237)
Total comprehensive income	64	(171)
Comprehensive income is attributable to:		
Owners	64	(171)
Total	64	(171)

Consolidated Balance Sheet

Balance Sheet , 31 March

DKK million	Q1 2021	Q1 2020	2020
Assets			
Goodwill	75	78	74
Other intangible assets	17	21	17
Intangible assets	92	98	91
Land and buildings	1,007	1,050	1,001
Leasehold improvements	79	100	84
Plant and machinery	222	267	230
Other fixtures and fittings, tools and equipment	106	104	104
Property, plant and equipment in progress	119	51	113
Right of use assets	100	60	103
Property, plant and equipment	1,634	1,632	1,635
Non-current asset investment	2	4	3
Financial asset investments	2	4	3
Biological assets - basic herd	132	144	129
Biological assets	132	144	129
Non-current assets	1,860	1,878	1,858
Biological assets - sales herd	235	273	157
Biological assets - Arable, crop production	95	95	63
Inventories	257	231	265
Biological assets and inventories	588	599	485
Trade receivables	79	76	69
Receivables from associates	7	7	7
Other receivables	35	44	33
Prepayments	25	32	13
Receivables	147	159	122
Cash at bank and in hand	118	106	99
Current assets	854	864	706
Assets	2,715	2,742	2,564

Consolidated Balance Sheet

Balance Sheet , 31 March

DKK million	Q1 2021	Q1 2020	2020
Liabilities and equity			
Share capital	538	538	538
Other reserves	-	-	-
Reserve for exchange adjustments	(693)	(635)	(714)
Retained earnings	1,385	1,495	1,342
Capital and reserves attributable to owners	1,230	1,398	1,166
Total Equity	1,230	1,398	1,166
Bond debt	-	954	952
Provision for deferred tax	-	2	-
Other provisions	4	8	4
Credit institutions	1,055	20	15
Lease Liabilities	98	59	101
Subordinated loan from Polen Invest A/S	-	50	40
Deferred income	6	6	6
Long-term liabilities	1,163	1,099	1,118
Credit institutions	66	63	112
Subordinated loan from Polen Invest A/S	62	30	22
Trade payables	109	75	70
Leasing Liabilities	9	6	9
Other provisions	2	1	2
Other payables	73	69	62
Deferred income	1	1	3
Short-term liabilities	322	245	280
Liabilities	1,485	1,344	1,398
Liabilities and equity	2,715	2,742	2,564

Consolidated statement of changes in equity

DKK million	Share capital	Reserve for exchange adjustments	Retained earnings	Equity owners	Total equity
Q1 2021					
Equity at 1 January 2021	538	(714)	1,342	1,166	1,166
Net profit/(loss) for the period			43	43	43
Other comprehensive income		21		21	21
Comprehensive income for the period		21	43	64	64
Payments of dividends					
Equity at 31 March 2021	538	(693)	1,385	1,230	1,230
Q1 2020					
Equity at 1 January 2020	538	(398)	1,429	1,569	1,569
Net profit/(loss) for the year	-	-	66	66	66
Other comprehensive income	-	(237)	-	(237)	(237)
Comprehensive income for the year	-	(237)	66	(171)	(171)
Equity at 31 March 2020	538	(635)	1,495	1,398	1,398

Consolidated statement of cash flows

DKK million	Q1 2021	Q1 2020
Profit/loss	43	66
Adjustments:		
Financial income and expenses	39	16
Currencies losses	(11)	55
Depreciation of property, plant and equipment	36	40
Tax on the profit/loss for the year	0	-
Other adjustments	48	43
Change in working capital	(120)	(129)
Cash flows from operating activities before financial income and expenses	34	93
Financial income	3	1
Financial expenses	(42)	(17)
Cash flows from ordinary activities	(5)	78
Corporation Income tax paid	(0)	-
Cash flows from operating activities	(5)	78
Purchase intangible assets	-	-
Purchase property, plant and equipment	(7)	(24)
Sale of property, plant and equipment	1	5
Change of financial investments	41	(7)
Sale of fixed asset investments	1	-
Cash flows from investing activities	35	(26)
Proceeds from borrowings	1,067	35
Repayments of borrowings	(1,076)	(58)
Cash flows from financing activities	(10)	(23)
Change in cash and cash equivalents	18	27
Cash and cash equivalents at opening	99	91
Exchange adjustment, beginning, cash and cash equivalents	1	(12)
Cash and cash equivalents	118	106