



# Investor Presentation

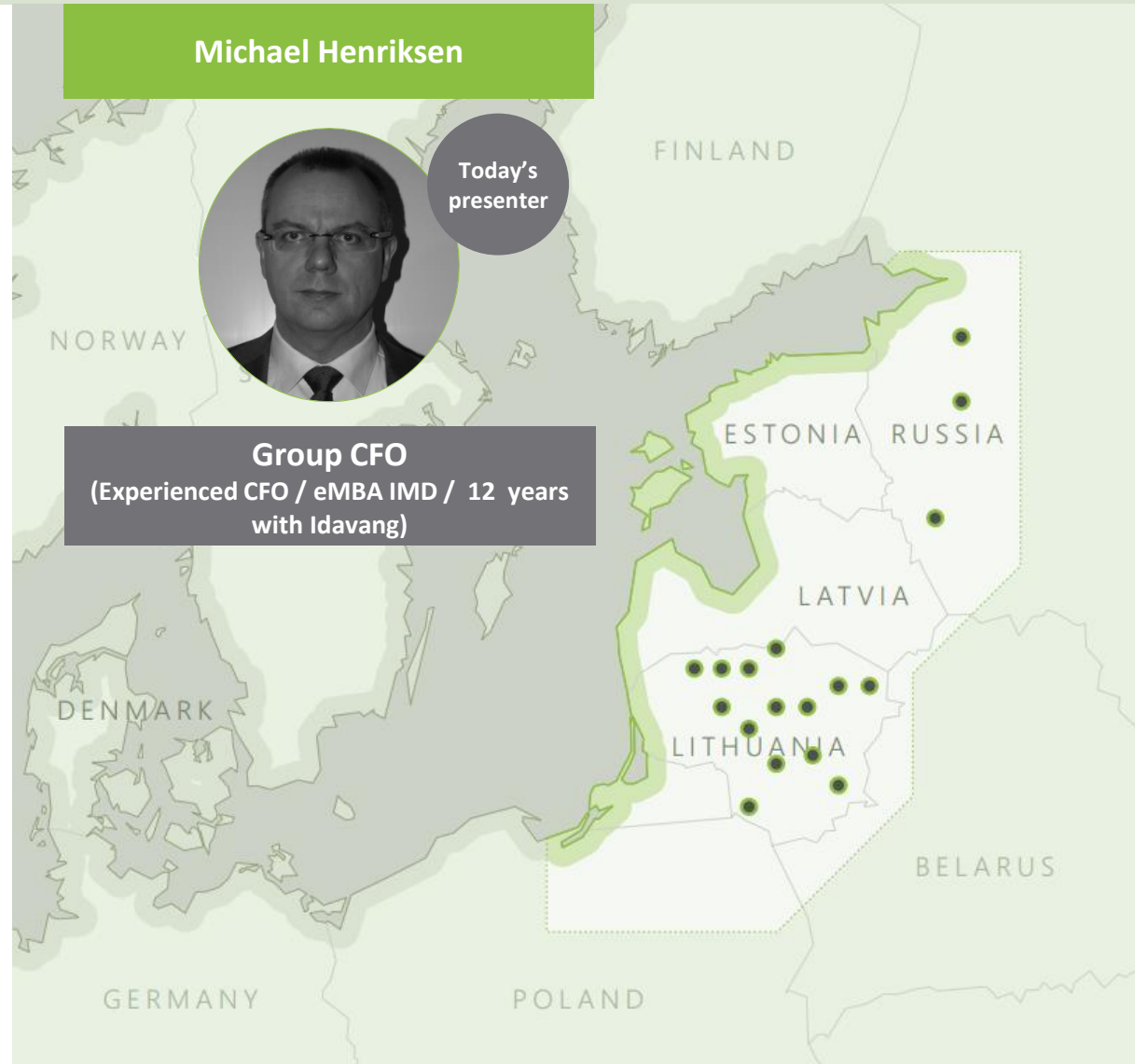
## Marts 2021



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# Idavang overview



## Highlights and product overview

- **Idavang A/S, 7321 Gadbjerg, Denmark**
- **Employees:** 803
- **Pig farms:** 15 owned / 16 operated
- **Founded:** 1999
- **Executive management team:**
  - Claus Baltersen (CEO)
  - Michael Henriksen (CFO)

Highlights

**Pig farming**

- Piglets and weaners
- Sows
- Finishers

**Biogas production**

Minority shareholder (17.5%) in 8 biogas plants built next to Lithuanian farms

**Field operations**

- 7,000 hectares (ha) of arable land for crop growing in Russia, of which 5,000 ha is grain area and 2,000 ha is rape area

Products

803  
Employees

400,000  
Sq.m. pig farms

7,000  
Hectares of crop fields

800,000  
Pigs produced annually

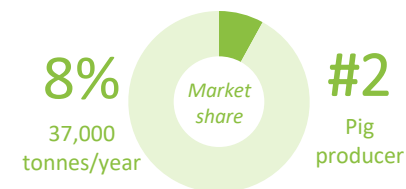
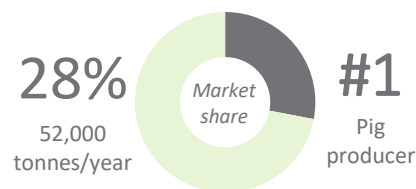
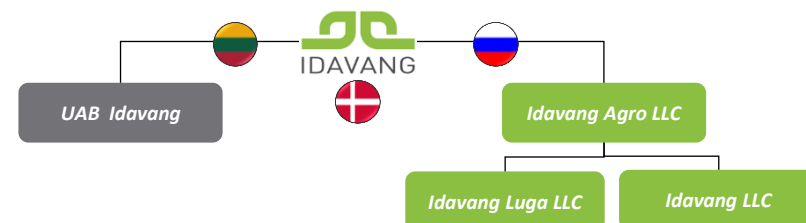
7.6  
MW biogas capacity

## Financial Highlights

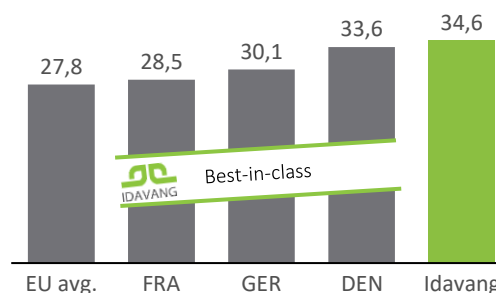
EBITDA (FHP)	Investment – Depreciation	Reduction debt, Dividend/buy back
EUR 21,1m Avr. last 4 years	EUR 1,2m Last 4 years	EUR 21,4m Last 4 years
EUR 23,3m Avr. last 8 years	EUR 1,0m Last 8 years	EUR 71,0m Last 8 years

## Leading market positions in core markets

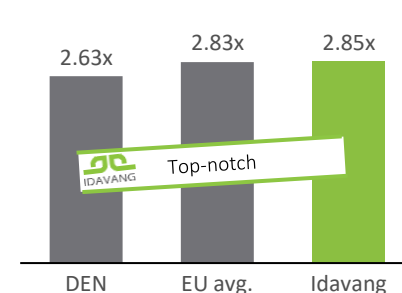
Group Structure of Idavang A/S



## Snapshot of Idavang's superior pig production metrics<sup>1</sup>



Weaned pigs per sow (higher the better)



Feed conversion ratio (lower the better)<sup>2</sup>

Source: Group information, AHDB report

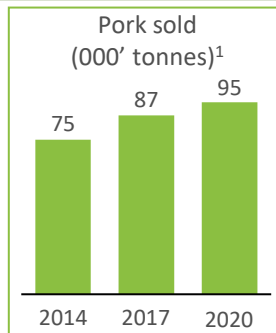
Notes: (1) Notice that Idavang's metrics are from 2020, while all benchmarks are 2018 figures, (2) Standardized figures

# Achievements (until 2020) and strategic focus til 2025



## Capacity, improved genetics and operation focus 2017-2020

- 2017-2020 major investment during the period relate to the expansion of the Luga farm, which now has a stable capacity of 22,000 pigs
- New and superior genetics from Topigs Norsvin (TN70) have now been implemented throughout the herd and results from TN70 are positive
- Outsourcing of slaughtering in both Lithuania and Russia, allows Idavang to focus on core operations
- Continue to implementation of Best Available Technology (BAT) globally, including new IT systems
- LEAN initiatives leading to savings of at least EUR 0.8m annually from 2021



## Capacity and improved genetics 2021-2025

- Limited / No expansion capex (focus on expanding fields)
- Maintenance capex will focus on few new stables in Luga instead of renovation of stables in Agro.
- Continue to focus on TN70 (State-of-art genetics) which is expected to improve KPIs going forward

## Deleveraging and limited capex 2017-2020

- Intention to repurchase bonds for surplus cash has been fulfilled (company owned EUR 10.3m when re-financed)
- EUR 11m has been invested in the Luga expansion
- Maintenance capex levels have averaged EUR 5m as expected.

## Optimized field operations 2017-2020

- Crop rotation is estimated to have improved crop yields by 1 ton per hectare (due to additional land)
- Conservation Agriculture (AC) and 'no-till' technology (i.e. no cultivation) which is less capex intensive and requires less resources

EUR 21,1m  
EBITDA (FHP) avr. last 4 years

EUR 5,5m  
Capex target forward

EUR 6,0m  
Interest level current<sup>2</sup>

## Deleveraging and limited capex 2021-2025

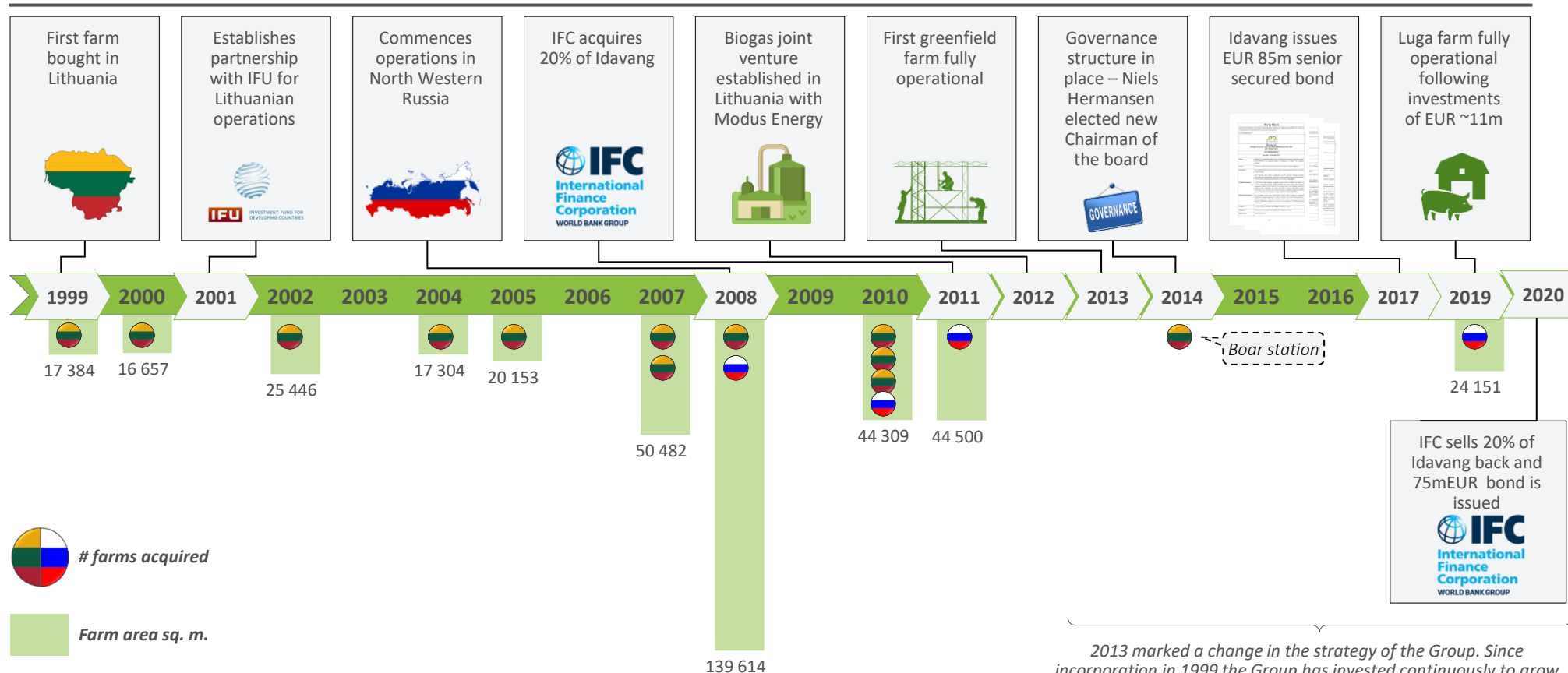
- Intention to repurchase bonds for surplus cash (Excess cashflow function for 50% of annual surplus paid to bondholders @ 102.3925 - support this)
- No strategic expansions expected
- Maintenance capex levels have averaged EUR 5,5m – same level as the last 4 years

Source: Group information

Notes: (1) Including displacements, (2) Bond interest plus Interest on Russian loans

# Historical development

## Highlights of Idavang's history and farm acquisitions throughout the years



Source: Group information

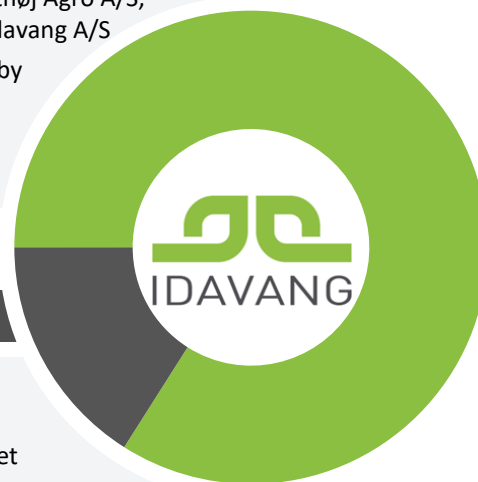
# Ownership structure (following IFC exit)

## Founding families (83%)

- The founding families still owns a majority stake of Idavang A/S through their ownership share of JAST Holding ApS (**"JAST"**), which holds 80% of the shares in Idavang A/S
- Ole Bjerremund Hansen and family is represented through Tofthøj Agro A/S, which owns 50% of JAST i.e. corresponding to a 40% stake of Idavang A/S
- Carsten Lund Thomsen owns 33.3% of JAST Holding ApS, thereby controlling ~27% of the Group
- The founding families act as passive shareholders and are not part of the day-to-day operations

## Group CEO and Founder: Claus Baltersen (17%)

- Claus Baltersen holds the position as Group CEO
- Claus was one of the founders of Idavang as well, and held initially 8.33% of JAST through the holding company, Sommerset Holdings Ltd.
- Claus doubled his holding in JAST to 16.7% in 2002
- Claus Baltersen has been with the Group since its incorporation in 1999

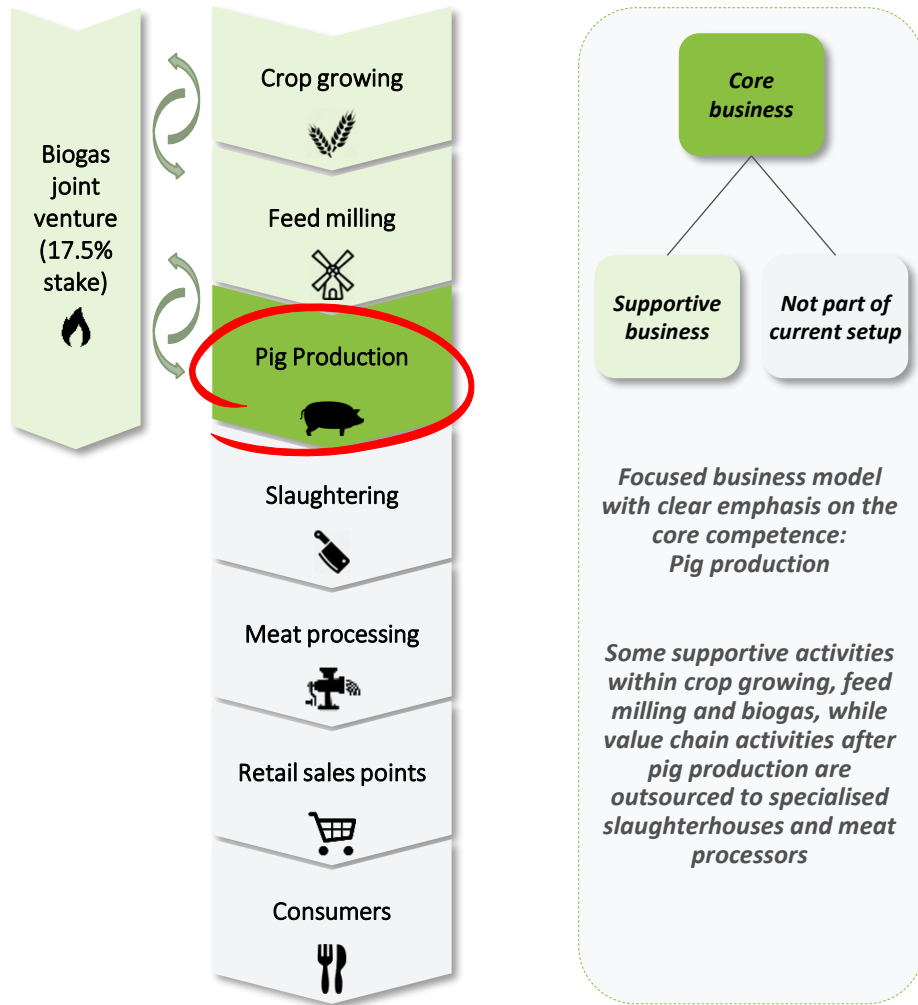


## International Finance Corporation, IFC (0%)

- IFC has been a shareholder and business partner of Idavang from 2011 until 2020
- IFC is part of the World Bank Group, which is headquartered in Washington D.C.
- Idavang repurchased 20% shares from IFC in December and cancelled shares afterwards.  
As illustrated in bond terms



# Business model focused around core competence



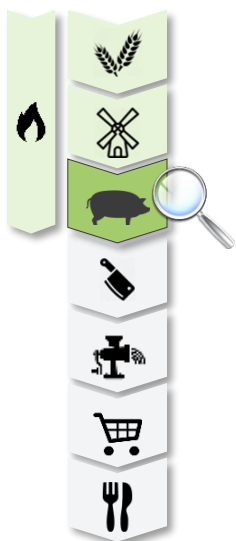
Source: Group information

## Value chain positioning

- Idavang has established itself as an asset-light company with clear emphasis on its core competence – pig production
- Being present in geographies with an abundance of grains production and a well-functioning market for feed ingredients in general, Idavang has chosen to only own a limited amount of arable land
- As such, Idavang relies on external suppliers of feed and has little capital tied up in land ownings
- The limited amount of owned arable land as well as little capital tied up in land ownings enable the company to generate significant amounts of free cash flow compared to more traditional pork producers
- The minority stake in 8 biogas plants is viewed as a secondary activity, and neither an expansion nor increased focus is expected going forward
- As of today, Idavang sells its goods to slaughterhouses, and the meat is ultimately passed on to retail consumers
- Idavang has a strong position in the value chain focusing on pig production as the core business while enjoying areas out of the core focus to act as supportive activities and to be sourced from external suppliers
- Having outsourced the slaughtering process, Idavang instead pays a fee to a meat packer for each pig that is being slaughtered
- This decision allows Idavang to focus solely on the core business that is pig production, and to keep improving already superior performance measures and profitability further

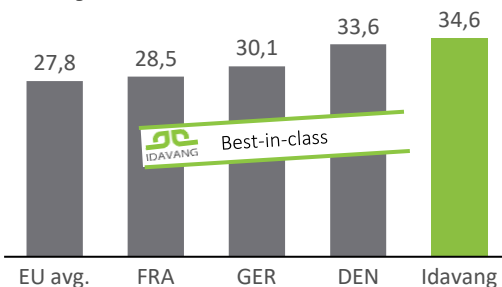
# Pig production excellence

Certified  
top-5%  
producer<sup>5</sup>



## Weaned pigs per sow

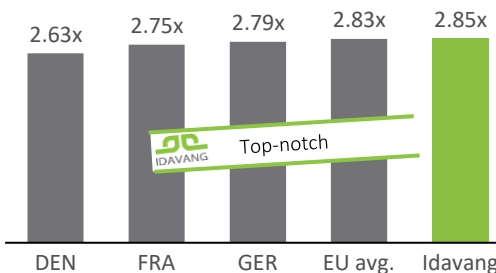
The higher the better<sup>3</sup>



- The higher number of weaned pigs per sow indicates a higher turnover rate per sow
- Idavang is already best in class, and aims to increase weaned pigs per sow further. This will be achieved through, among others, state-of-art genetics

## Feed conversion ratio (FCR)<sup>1</sup>

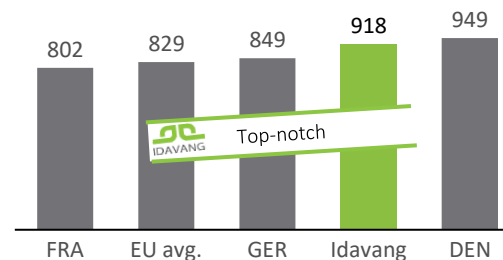
The lower the better<sup>3</sup>



- The aim for Idavang is to have the finishing herd fattened in as few days as possible, while also converting feed efficiently
- The feed conversion ratio is driven down through continuous optimisation of recipes as well as introduction of better genetics
- The lower FCR in Denmark is largely a result of using less but more expensive (high-quality) feed
- The balance between volumes and feed-costs is a key focus point for pig producers

## Daily live weight gain<sup>1, 2</sup>

The higher the better<sup>3</sup>



- An excellent average daily gain, gives Idavang an efficient finishing process, where the finishers are fattened quickly and more inexpensively
- A higher daily live weight gain implies a shorter fattening process, a higher meat yield per sow<sup>4</sup>, and potentially a higher carcass weight when sold to slaughter

*Idavang's performance, measured by pig production metrics, is outperforming most peers and indicates a high performing pig producer. Besides Idavang having a high number of weaned pigs per sow, the daily live weight gain shows a decreasing time for the finishing herd to actually get finished. This is a result of optimisation of feed along with superior genetics, which further reflected in the feed conversion ratio*

Source: AHDB report. Notes: (1) Standardized figures, (2) g. per day, and country average, (3) Notice that Idavang's metrics are 2020, while all benchmarks are 2018 figures, (4) Meat yield is carcass meat produced per sow, 5) Certified by Brown&Co as being among top-5% of pig producers globally



# Overview of production facilities

## Farms spread across Lithuania



250,000 sq. m.

~100% capacity utilization

*Idavang operates 13 farms all over Lithuania, located within a reasonable distance to enhance synergies. The farms range in size from 5,000 - 48,000 sq. m.*

## Three farms located close to Saint Petersburg

150,000 sq. m.

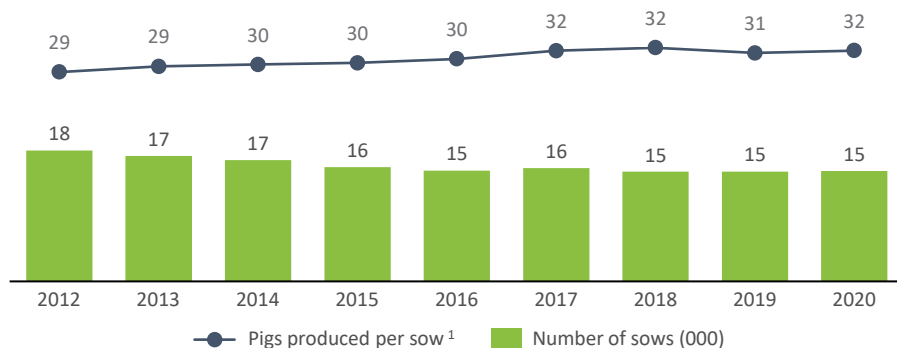
~100% capacity utilization

*Idavang operates three highly efficient, large-scale farms in Russia which together comprise 10,300 sows, corresponding to 40% of the Group's total*



... of which **#260** in pork production, **#72** in maintenance and construction  
.. of which **52%** are women, **48%** are men, and **85%** are blue collar

#397 employees..



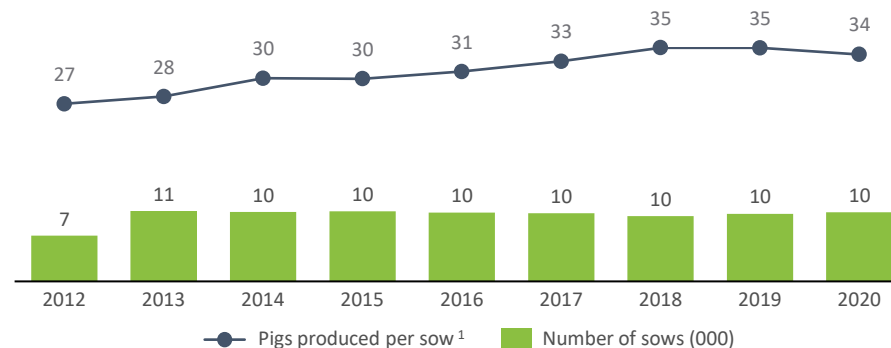
Source: Group information

Note: (1) Total number of pigs produced (finishers, sows and weaners sold incl. displacements)



... of which **#191** in pork production, **#66** in maintenance and construction and **#83** in field operations  
.. of which **36%** are women, **64%** are men, and **78%** are blue collar

#406 employees..



# Top-level biosecurity measures

A leader and first-mover within biosecurity to ensure potential diseases are kept at an absolute minimum



With all large-scale food production companies, biosecurity is an important discipline which is prioritized at highest level, and Idavang is an absolute leader and first-mover. A thorough procedure and code of conduct are applied to all employees and visitors, to ensure that the risk of potential diseases are kept at the lowest



## Employees

- Training of all Idavang employees with respect to biosecurity protocol
- No employees can bring food
- No pork is served in the cafeteria
- Employees are prohibited from having pigs at home (backyard farming)



## Security

- Warnings around the production facilities, and 3 fence perimeters around each farm
- 24 hour manned security and alarm system
- Video surveillance and electronic key lock on all doors
- Insect nets on all windows and gravel rim around production building



## Transportation

- Strict loading/unloading procedures
- Disinfection gate for all trucks entering the facilities
- Transportation containers are washed, disinfected and quarantined between each use
- 48 hour quarantine room with UV light for spare parts and other things needed in production



## Entering / Exiting

- Mandatory visitor registration
- Hand and foot disinfection (video monitored)
- Washing of hands and nails before showering
- Shower and change of clothes and shoes



## Avoidance of insects

- No light at night time during insect season
- Poison in fly catchers around farms
- Spraying insecticide around the farms
- Paint insect poison around doors
- Installation of automatic sprayers or insect grills in all in/out delivery rooms
- Avoidance of materials liked by insects
- Steel nets around staff corridors and pig corridors

Source: Group information

# Lithuanian ASF government support program

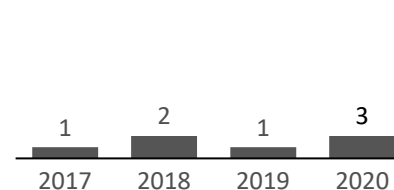
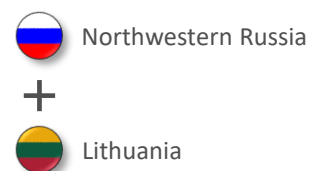
## ASF compensation program has proven well functioning

- Since July 2019, a compensation program approved by the Agriculture Minister of Lithuania has been effective
- The program covers compensation of losses resulting from infectious animal disease outbreaks, or implementation of preventative measures, including African Swine Fever (ASF)
- With this program, animal owners are compensated 100% for losses related to liquidation of animals, feed and other site utilization costs
- Animal compensation values is determined from prevailing market prices
- In 2020, a Lithuanian producer (~650 sows) received compensation according to the program amounting to approx. EUR 1m<sup>1</sup> which was based on 1.47 EUR/KG liveweight price
- Such compensation value per animal is higher than what was stipulated by Idavang's Lithuanian ASF insurance policy
- In 2018 when ASF occurred at one of Idavang Lithuania farms, the compensation would have comprised approx. 70% of total losses that were covered by the insurance (but fluctuate more with market value)
- As the program has proven well functioning and insurance premiums have in general been increasing, Idavang chose not to renew the company's ASF insurance in Lithuania
- In Russia, Idavang remains fully insured against ASF

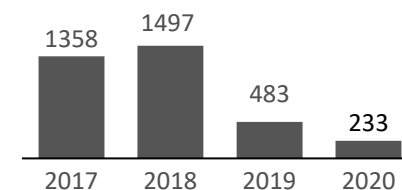
## Down trending number of African Swine Fever (ASF) cases

- Large pig producers (500+ sows) have seen a low number of cases in recent years, with 1 or 2 cases occurring annually
- Total cases in Lithuania (domestic and wild boar) have in general been down trending in recent years, and 2020 has only seen 198 cases so far
- The development is largely a result of improved preventive measures

ASF cases in Lithuania and NW Russia at large producers (500+ sows)



All Lithuanian ASF cases<sup>2</sup> (domestic + wild boar)



Source: Group information

Notes: (1) Not official information, 2) No reliable information available on number of wild boar cases in Russia

# Innovative solutions to optimise performance

## IT solutions improving traceability and biosecurity

- Idavang applies a range of different innovative solutions in order to optimise operational performance, and the data-driven approach is an important differentiating factor compared to smaller local farmers and competitors
- Idavang has been involved in the development of 'Cloudfarms' - an IT platform and smartphone app used at all farms, enabling real-time performance tracking
- Innovative IT solutions improves meat traceability, which is beneficial in terms of future marketing of:
  - Consumption of resources and hence carbon emissions
  - Promoting animal welfare and optimal use of antibiotics
  - Efficient biosecurity throughout the production



Source: Group information

## Know-how adoption and establishment of R&D farm

- Idavang is currently establishing an R&D farm in Lithuania, which will enable testing of new production methods and genetics at a smaller scale, before new initiatives may eventually be rolled out the other farms
- The company is currently awaiting the permission to convert an existing farm into a R&D farm
- The company is continuously following the most recent development within pig production including the Best Available Technology (BAT) globally, and the R&D farm will allow Idavang to efficiently adopt know-how from other countries
- LEAN-learning from a Lithuanian farm have been implement throughout Lithuanian farms, and is expected to generate savings of EUR 0.8m annually from 2021 onwards
- Similar initiatives will expectedly be adopted in Russia within the foreseeable future, as Covid-related travel restriction eases



# Idavang has adopted the UN sustainability goals



*Since inception, Idavang has followed the principle that success can only be achieved through the development of socially responsible business*

*Environmental protection, respect for the surrounding communities and employees, high-quality products and relationships based on transparency and trust, all these are the fundamental values that determine each decision of the company*



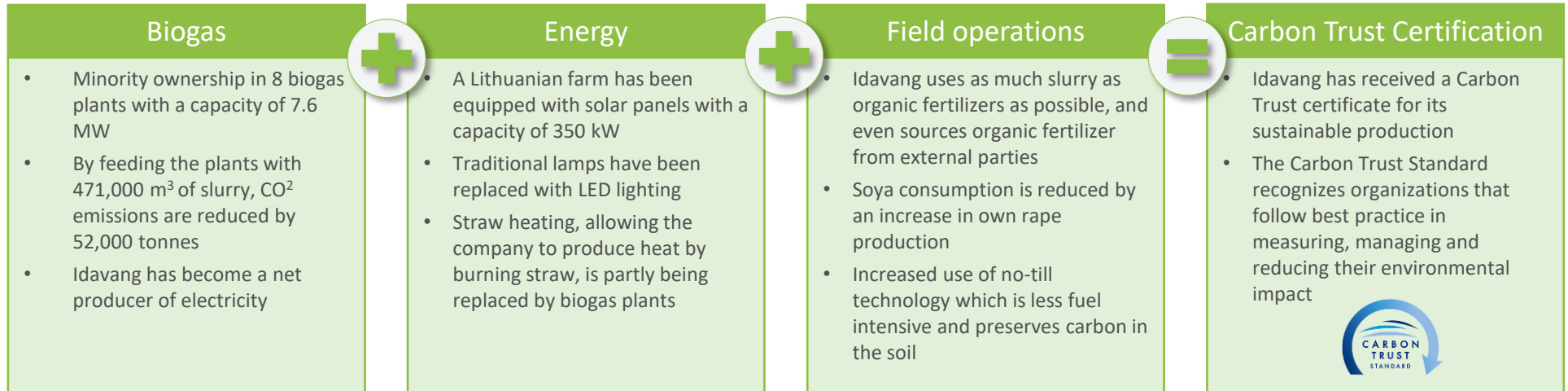
*Idavang performs extensive internal audits on HES, biosecurity and environmental impact*

Source: Group information



# Market leading environmental impact

Strong focus on sustainable practices and limitation of environmental impact



Idavang won prestigious agribusiness leader award of 2018 in Lithuania

## Monitoring CO<sup>2</sup> emissions

- The level of CO<sup>2</sup> emissions per kg. meat produced is a key point of measurement within the meat producing industries
- In Lithuania, Idavang's farms emit on average 2.04 kg. CO<sup>2</sup> per kg. live weight finisher pig
- Emission levels in Russia have not yet been measured



Best-in-class

**Alltech's CO<sub>2</sub> performance scale**  
kg. CO<sub>2</sub> / kg. meat

A: < 2.00
B: 2.01 – 3.49
C: 3.50 – 4.99
D: 5.00 – 6.49
E: 6.50 – 7.99
F: > 8.00

Source: Group information

# Animal welfare - a fundamental value to Idavang

## Ethical treatment of animals is a key priority

### Safe animal environment

- ✓ Extensive biosecurity measures to prevent that African Swine Fevers (ASF) enter the farms
- ✓ Regulation of air temperature and lighting
- ✓ All farms meet the animal welfare criteria applicable in the EU since 2013

### Balanced nutrition

- ✓ Balanced feed based on the best raw materials available
- ✓ In-house nutritional specialist to optimize formulas
- ✓ Modern equipment for feed testing
- ✓ Own fields and cooperation with local cereal farmers

### Qualified handling

- ✓ Employment of highly skilled animal care specialists
- ✓ In-house veterinarians combined with external visits
- ✓ Physicians' offices at all farms
- ✓ Engagement of external veterinary consultants

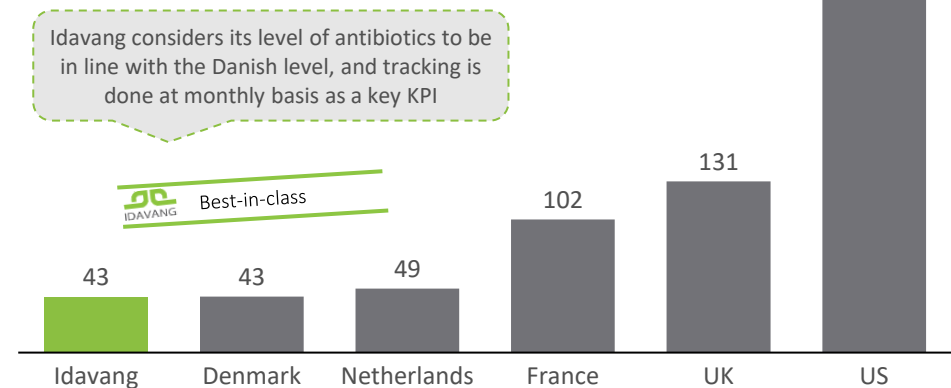
### Safe transportation

- ✓ All drivers undergo special training in safe transportation
- ✓ Mandatory courses and certification for persons handling animals during transportation

## Responsible use of antibiotics



















- Idavang is at the forefront when it comes to responsible use of antibiotics, and the company uses a relatively low amount compared to global peers
- Idavang's consumption level has not yet been verified, but it is considered to be in line with the amounts generally seen for Danish pig production
- The Company traces antibiotics levels on monthly basis, having adopted the Danish ADD (Average Daily Doses) system for monitoring
- Sweden is recognised as the global leader in this respect, but only is accounting for approx. 0.0004% of the global pork production
- Swedish production is almost completely consumed by the domestic market, and at a significant price premium

Mg. antibiotics / kg. meat



Source: Group information, Natural Resources Defense Council (NRDC)

# Current factors influencing global pork markets

	Description	Impact direction and duration	Consequence for Idavang
 <b>Covid-19</b>	The global pandemic caused disruptions to global supply chains and labor shortages at slaughterhouses, reducing global supply	 <i>Short term</i> 	<b>+</b> <p>The periodic reduction in exports to China has affected prices of pork produced in European countries negatively. <i>Expect that in will have normalized this summer.</i></p>
 <b>ASF and European demand</b>	Recent wild boar ASF cases in Germany have led to import-restrictions from China and other countries	 <i>Short term</i> 	<p>Exports to China have to come from other European countries than Germany, or China will have to accept regionalization of Germany (<i>Vietnam and Singapore has recently</i>). Lower exports to China exert negative price pressure on European pork</p>
 <b>ASF and Asian demand</b>	ASF in Asia has reduced production significantly, leading to higher imports. Pork is essential in Asian diets, but consumption has been temporary lowered due to higher prices. This is expected to normalize as prices decrease and pork becomes more affordable	 <i>Medium term</i> 	<b>-</b> <p>Chinese imports will continue to be high, which is expected to support a strong and long-lasting supply of European pork. <i>Nevertheless, sign of increasing production.</i></p>
 <b>Russian export agreements</b>	Well-functioning export channels are required in order for Russia to export excess production when local demand is low. Exports to Vietnam opened 1 January 2020 and has already exceeded 50% of total exports	 <i>Long term</i> 	<p>Russia is overall self-supplied with pork, and hence the export-market opportunity is what will continues to make it attractive</p>
 <b>Geopolitical tensions</b>	Geopolitical tensions and trade conflicts continue to exert negative impact on global trade	 <i>Medium term</i> 	<p>European prices are linked to export demand, and consequently the European share of global exports influence prices. Therefore, price levels are affected by trade tensions between China and the US</p>
 <b>German wage increases</b>	New German legislation requires that all workers within food companies need to be employed. This improves competitiveness of Eastern European countries relative to Germany	 <i>Long term</i> 	<p>Carcasses imported to Lithuania from Germany will become more expensive. This will result in higher domestic demand and increasing prices of live pigs in Lithuania going forward</p>

Source: Group information

# Last 6 months - EU/Lithuania

## ASF in Germany created temporary turbulent market

- Slaughter pigs waiting in Germany for slaughter - was up to 1,2 mio. Pigs, now gone
- Danish Crown temporary discount (still in effect)
- Weaner market crashed temporary (fast recovery), below illustrated with market priced Weaner and “profit split” priced Weaner
- German (and NL/BE) pork production have reduced, from Dec. 2019 to Dec. 2020 reduction is 6,6% in sows – but that does not include Q1 2021 reduction. Expect first to see full picture in 3-6 months from now.

### SPF quote

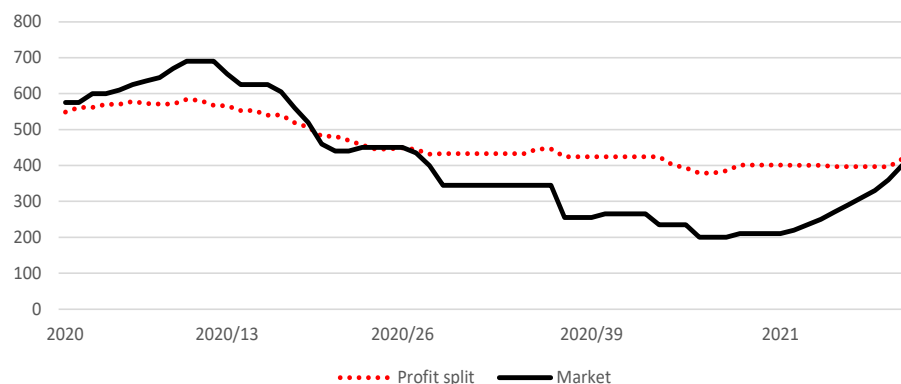
<https://www.spf.dk/da-dk/noteringer/noteringer/>

### VEZG quote – slaughter weight, data below is in live weight

<https://www.vezg.de/preisinfo-schweine.html>

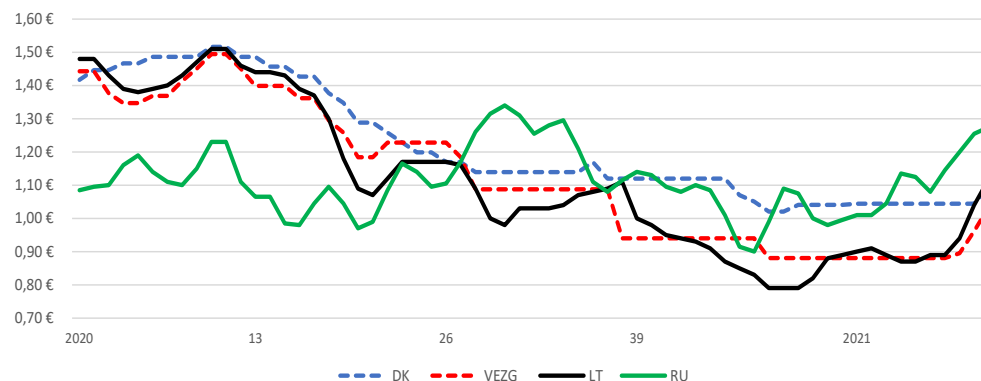
## Last 15 months Weaner prices SPF in DKK(market vs. calculated)

Quote SPF



## Last 15 months LT/RU prices compared to VEZG and DK in EUR

Pork prices

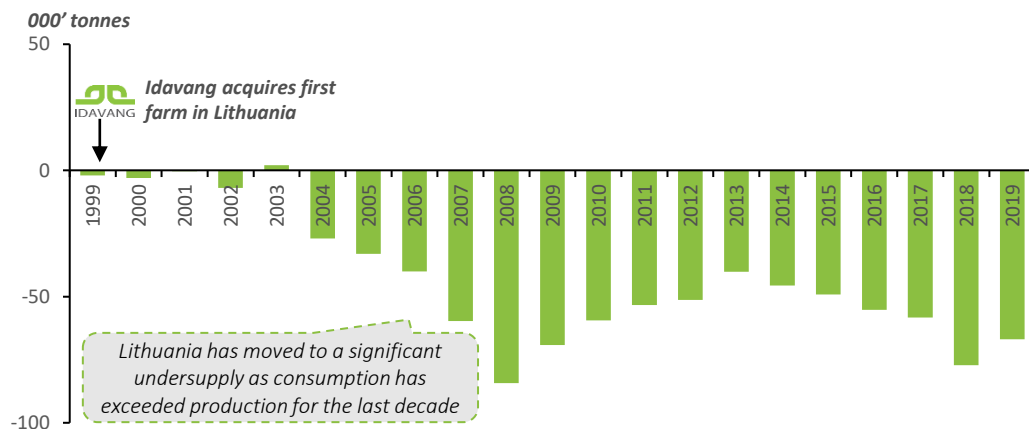


# Outlook for Lithuania

## Comments

- Lithuania has since 2004 been a country with a significant undersupply of pork meat
- Since 2004 the consumption has grown at a CAGR of 1.2%, while the production in the same period has decreased by a CAGR of -0.9%, leading to consumption significantly exceeding production as shown in the graph below
- As Lithuania is a part of the internal European market, the price development has fairly closely been tracking the VEZG index historically
- However, the European market pork price has shown a small premium to the Lithuanian pork price for the last 5 years

## Net production in Lithuania

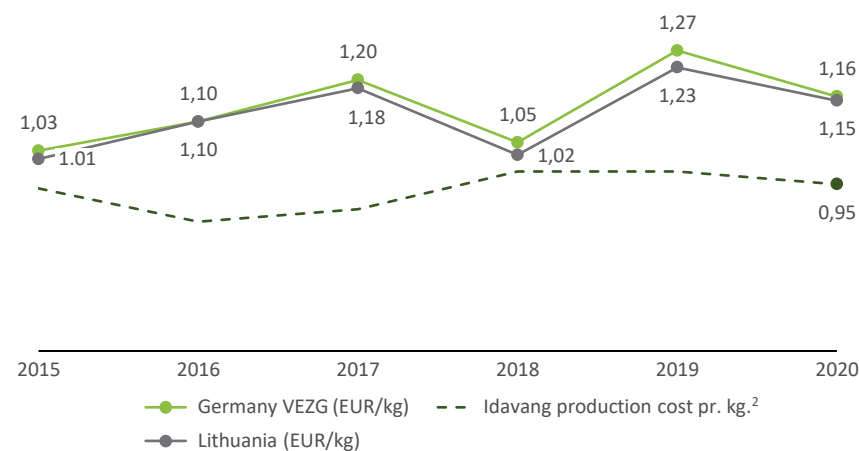


Source: World Bank Data, AHDB report, Eurostat, CEIC Data, Bloomberg, VEZG, Lithuanian Institute of Agrarian Economics  
 Note: (1) Purchase power adjusted, (2) Excluding fields



- Facts**
- A total population of **2.8 million** with an average GDP per capita (PPP<sup>1</sup>) of **USD ~38,200** (2019)
  - Lithuania has **A3**, **A+**, and **A** ratings from Moody's, S&P and Fitch, respectively
  - The Lithuanian GDP per capita (PPP) has been increasing since 2009
  - Derived from the mega-trend driving global protein demand, the increasing average GDP per capita (PPP) is one of the drivers behind the higher consumption of pork currently prevailing in Lithuania
  - The total consumption of pork was in 2019 **~137,000 tons**, which resulted in a shortage of production of **~67,000 tons**

## Lithuanian prices compared to German VEZG prices





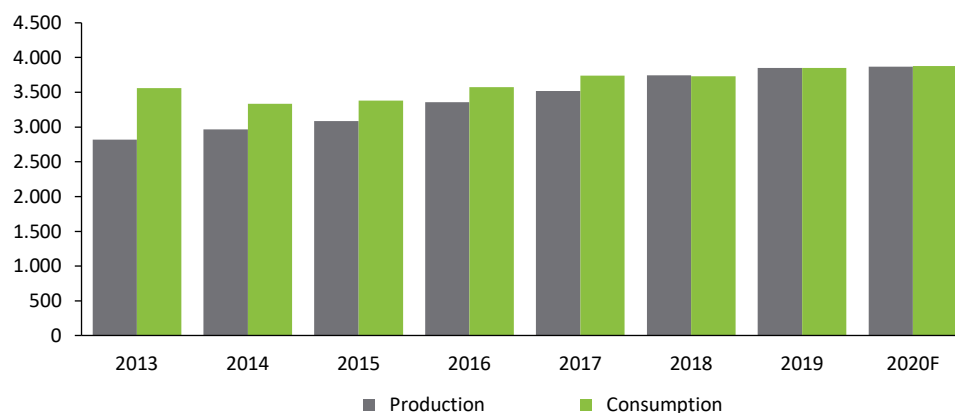
# Outlook for Russia

## Comments

- The total consumption has been growing at a lower pace than production since 2013 and the country has now becoming self-sufficient in terms of pork meat
- It is estimated that by the end of 2020, there will be a net balance between consumption and production of pork, and the total consumption of pork in 2020 is estimated to 3,875,000 tonnes, which approximately balances with production
- One of the governmental objectives of the current embargo is to become more self-sufficient, thus providing food producers with favourable conditions and political support to increase efficiency. The effects of the embargo on the pork industry are evident from the shrinking net production since 2013
- The Russian price development, compared to the VEZG index, shows that 2020 is the first period with self sufficiency in Russia, and export volumes are rising following the export agreement with Vietnam that took effect from 1 January 2020

## Historical development of production and consumption

000' tonnes



Source: World Bank Data, OECD, Bloomberg, VEZG, European Commission

Note: (1) Purchase power adjusted, (2) Excluding fields

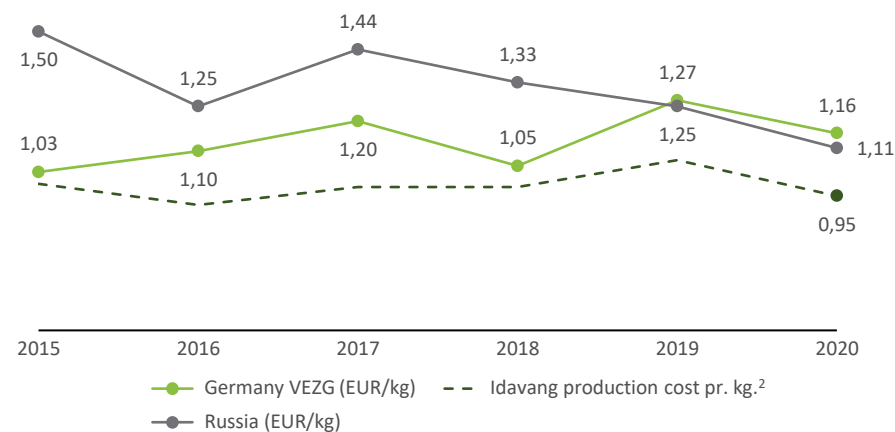


A total population of **144.4 million** with an average GDP per capita (PPP<sup>1</sup>) of **USD ~29,200** (2019)

- Russia has **Baa3**, **BBB-**, and **BBB** ratings from Moody's, S&P and Fitch, respectively
- The total consumption of pork in 2020 is forecasted to **~3,875,000 tons**, which balance with consumption
- The Russian Federation introduced import restrictions on a range of EU agricultural products in 2014, resulting in a decreasing EU agri-food export to Russia from **EUR 11.8 bn** in 2013 to **EUR 7.0 bn** in 2019
- In that period pork meat production has increased by a CAGR of **5.34%**, while consumption has increased by a CAGR of **1.31%**

Facts

## Russian prices compared to German VEZG prices



# Income statement – Idavang Group

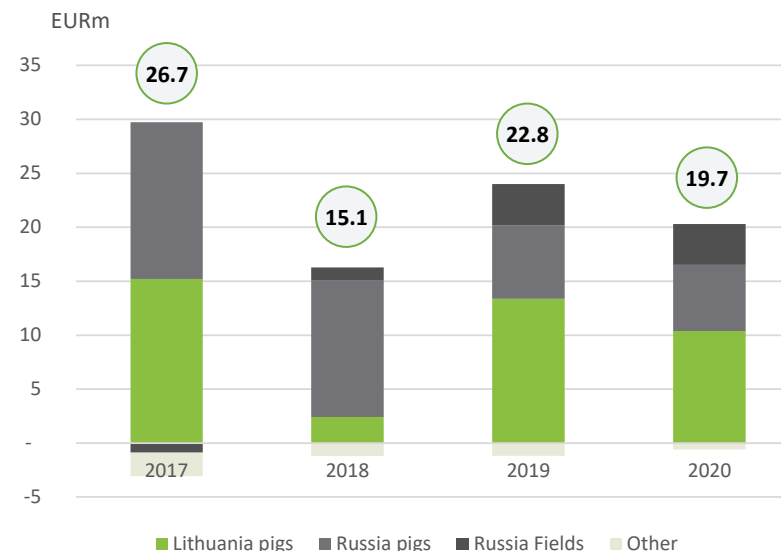
## Profit and loss statement – Idavang Group

EURm	FY2017	FY2018	FY2019	FY2020	2020'Q4	2019'Q4
<b>Revenue</b>	<b>109,6</b>	<b>99,5</b>	<b>110,5</b>	<b>101,7</b>	<b>22,5</b>	<b>30,9</b>
Value adjustment, biological assets	(5,0)	2,6	4,1	(9,3)	(4,1)	2,6
Production cost	(78,8)	(81,3)	(85,2)	(80,9)	(21,9)	(23,9)
Other income	1,6	1,7	2,3	2,4	0,7	0,5
Other expenses	(0,3)	(0,1)	(0,3)	(0,1)	-	-
<b>Gross profit</b>	<b>27,0</b>	<b>22,3</b>	<b>31,5</b>	<b>13,8</b>	<b>(2,8)</b>	<b>10,1</b>
Administration cost	(5,4)	(4,7)	(4,6)	(3,4)	(0,8)	(1,4)
<b>EBITDA</b>	<b>21,6</b>	<b>17,6</b>	<b>26,9</b>	<b>10,4</b>	<b>(3,6)</b>	<b>8,7</b>
Depreciations	(7,8)	(7,5)	(8,5)	(7,7)	(2,1)	(2,9)
<b>EBIT</b>	<b>13,8</b>	<b>10,1</b>	<b>18,4</b>	<b>2,7</b>	<b>(5,7)</b>	<b>5,8</b>
Net financials	(4,6)	(6,9)	(6,6)	(7,6)	(3,6)	(1,6)
Exchange rate gain (loss)	(1,3)	(2,4)	1,8	(3,6)	0,5	0,2
<b>Pre-tax profit/loss</b>	<b>7,9</b>	<b>0,8</b>	<b>13,6</b>	<b>(8,5)</b>	<b>(8,8)</b>	<b>4,4</b>
Income tax expense	(1,8)	0,4	(2,6)	0,7	0,8	(2,0)
<b>Profit/loss for the year</b>	<b>6,1</b>	<b>1,2</b>	<b>11,0</b>	<b>(7,8)</b>	<b>(8,0)</b>	<b>2,4</b>

Adjustments	FY2017	FY2018	FY2019	FY2020	2020'Q4	2019'Q4
Value adjustment, biological assets	5,0	(2,6)	(4,1)	9,3	4,1	(2,6)
<b>EBITDA at fixed herd prices</b>	<b>26,7</b>	<b>15,1</b>	<b>22,8</b>	<b>19,7</b>	<b>0,5</b>	<b>6,1</b>

Source: Group information

## Breakdown of EBITDA at fixed herd prices

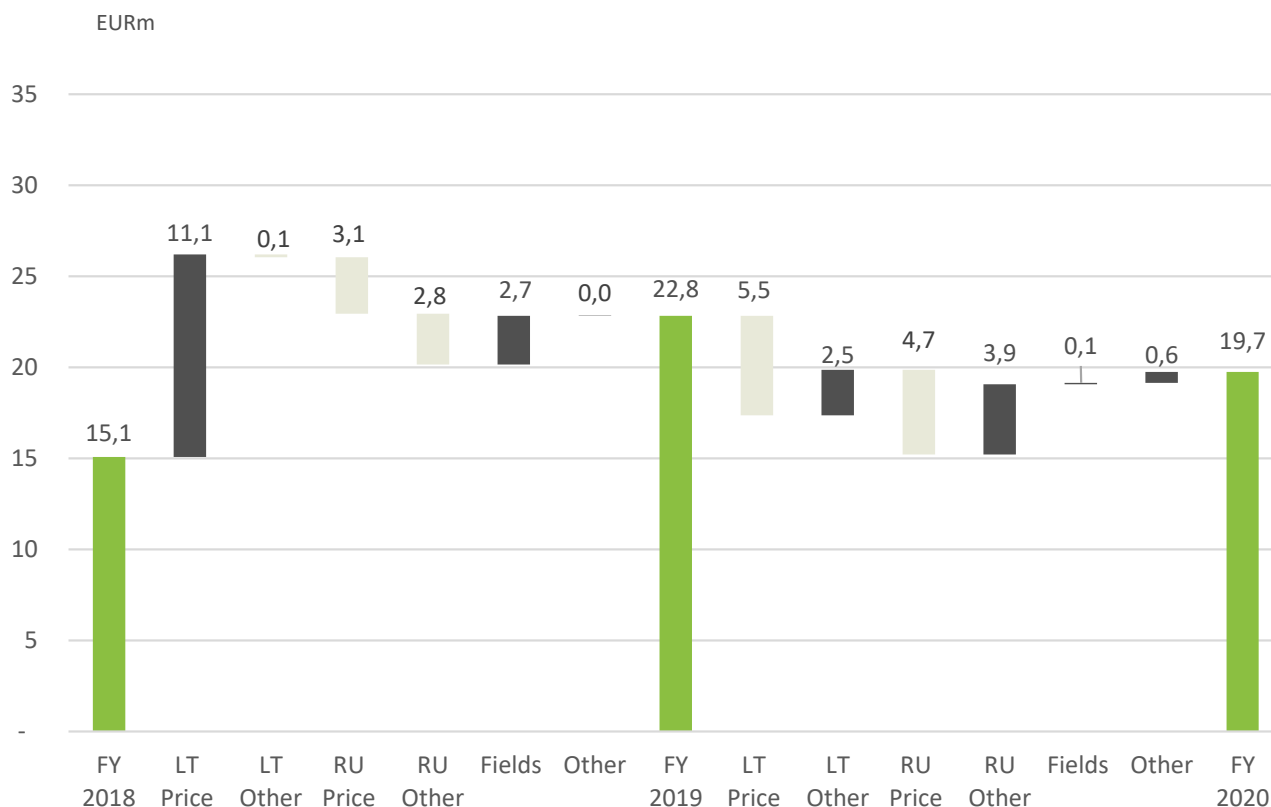


## Comments

- FY 2020 EBITDA (FHP) is approx. 14% lower than FY2019, which is primarily driven by sales prices in Lithuania (5.5 mEUR).
- Production volumes have been slightly higher in FY2020 with 92 thousand tonnes, up from 89 thousand tonnes in 2019 and 88 thousand tonnes in 2018.

# EBITDA development - Idavang Group

## EBITDA bridge at fixed herd prices



LT = Lithuania  
RU = Russia

Source: Company information

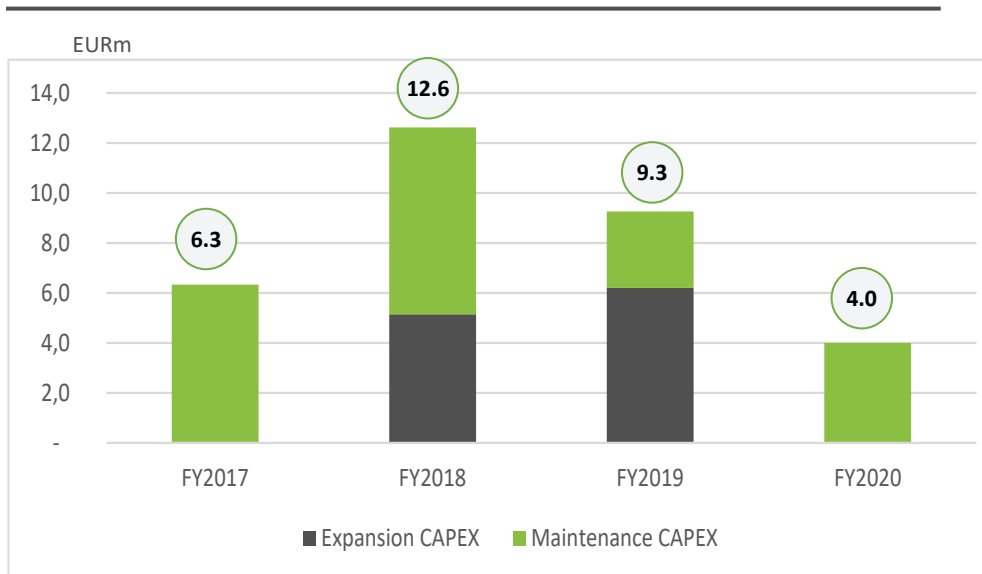
- Lithuanian slaughter pig prices have seen a positive trend in 2019 (especially 2<sup>nd</sup> half), and consequently had significant impact on EBITDA in 2019. In 2020 negative trend started and sales prices ended low in December.
- The price increases in 2019 and 1<sup>st</sup> half of 2020 was mostly driven by demand from Asia/China, as ASF breakouts in these jurisdictions from 2018 have lead to a reduction in global supply. Covid19 and ASF outbreak in Germany have reduced prices from 2<sup>nd</sup> half of 2020 due to reduced demand.
- Meanwhile, Russian prices have moved in the opposite direction and thereby influenced EBITDA negatively since 2018.
- Russian prices have seen a limited influence of the increasing Asian demand, as export agreements have not been in place until the 1<sup>st</sup> of January 2020, where an agreement was entered with Vietnam/Hong Kong. Nevertheless, export networks first need to be build as they are new.
- Field activities had a strong harvest in 2019 and contributed with EUR 3.8m to EBITDA, and a similar contribution is seen in 2020 with EUR 3.9m basis due to a strong harvest in 2020 as well
- Harvest in 2019 and 2020 were both significantly above the previous 5 years average (4.3 tonnes/hectare) which is partially due to the new rotation setup
- The positive impact from "LT Other" since 2019 follows from an improved FCR (2,7% better) and increasing volumes
- The positive impact from "RU Other" in FY2020 is mainly a result of lower feed prices (2,8 mEUR)

# Cash flow statement – Idavang Group

## Cash flow statement – Idavang Group

EURm	FY2017	FY2018	FY2019	FY2020	2020'Q4	2019'Q4
Operating profit/loss	13,8	10,1	18,4	2,8	(5,7)	5,8
Depreciations	7,8	7,5	8,5	7,7	2,1	2,9
Adjustment for other non-cash items	4,2	(1,9)	(4,5)	7,1	4,0	(0,8)
herd	(0,1)	(3,0)	(12,6)	11,1	0,4	(8,0)
Corporate tax	(0,2)	(1,0)	(1,0)	0,0	(0,1)	(1,4)
<b>Operating cash flow before financials</b>	<b>25,5</b>	<b>11,6</b>	<b>8,8</b>	<b>28,7</b>	<b>0,7</b>	<b>(1,5)</b>
Net financials	(4,6)	(6,4)	(6,1)	(6,9)	(2,8)	(1,1)
<b>Operating cash flow</b>	<b>20,8</b>	<b>5,3</b>	<b>2,7</b>	<b>21,8</b>	<b>(2,1)</b>	<b>(2,6)</b>
Maintenance capex	(6,3)	(7,5)	(3,1)	(4,0)	(1,5)	(1,1)
Expansion capex	-	(5,1)	(6,2)			(3,3)
<b>Total capex</b>	<b>(6,3)</b>	<b>(12,6)</b>	<b>(9,3)</b>	<b>(4,0)</b>	<b>(1,5)</b>	<b>(4,4)</b>
Other, incl. disposals	0,1	0,8	(0,3)	(0,2)		
<b>Net cash flow from investments</b>	<b>(6,2)</b>	<b>(11,9)</b>	<b>(9,6)</b>	<b>(4,2)</b>	<b>(1,5)</b>	<b>(4,4)</b>
Net Borrowings	33,3	9,8	(2,8)	(12,7)	2,7	8,8
Dividends paid	(21,0)	-	-	-	-	-
Deposit on escrow account (IFC)	(25,0)	-	-	6,7	6,7	-
<b>Cash flow from financing</b>	<b>(12,7)</b>	<b>9,8</b>	<b>(2,8)</b>	<b>(6,0)</b>	<b>9,4</b>	<b>8,8</b>
<b>Net change in cash</b>	<b>1,9</b>	<b>3,2</b>	<b>(9,7)</b>	<b>11,6</b>	<b>5,8</b>	<b>1,8</b>
<b>Opening cash &amp; cash equivalents</b>	<b>11,2</b>	<b>12,5</b>	<b>13,6</b>	<b>5,5</b>	<b>9,1</b>	<b>3,3</b>
Exchange rate adjustments	(0,7)	(2,1)	1,6	(3,3)	(1,1)	0,4
<b>Ending cash &amp; cash equivalents</b>	<b>12,5</b>	<b>13,6</b>	<b>5,5</b>	<b>13,8</b>	<b>13,8</b>	<b>5,5</b>
<b>Free cash flow</b>	<b>14,6</b>	<b>(6,6)</b>	<b>(6,9)</b>	<b>17,6</b>	<b>(3,6)</b>	<b>(7,0)</b>
<i>Cash conversion at fixed herd prices (FHP)</i>	72%	-7%	-2%	125%	-13%	-10%
<i>(FHP)</i>	72%	28%	25%	125%	-13%	-5%

## Breakdown of capital expenditures



## Comments

- Expansion capex during 2018 and 2019 of EUR 11.3m relate to the expansion of the Luga farm, constituting the primary investment made during this period
- Maintenance capex averages EUR 5.2m annually (FY2017-FY2020), and the expected annual level going forward is EUR 5.5m
- Shareholder salaries has reduced by EUR 0.5m on annual basis starting 1 October 2020
- The Company benefits from highly flexible capex needs, allowing it to allocate investments to periods with higher earnings, and preserve a reasonable cash conversion during periods of low earnings if needed

# Financial overview – Idavang Lithuania/Russia



## Profit and loss statement - Idavang Lithuania

EURm	FY2017	FY2018	FY2019	FY2020	2020'Q4	2019'Q4
Revenue	61,1	53,3	65,1	60,6	12,3	19,3
Value adjustment, biological assets	(2,4)	(1,2)	7,9	(11,3)	(2,9)	3,3
Production cost	(45,2)	(49,9)	(50,9)	(49,9)	(12,9)	(13,0)
Other income	1,3	1,1	1,3	1,6	0,2	0,3
Other expenses	-	-	(0,1)			
<b>Gross profit</b>	<b>14,7</b>	<b>3,3</b>	<b>23,2</b>	<b>1,0</b>	<b>(3,3)</b>	<b>9,9</b>
Administration cost	(1,9)	(2,1)	(1,9)	(1,8)	(0,5)	(0,4)
<b>EBITDA</b>	<b>12,8</b>	<b>1,2</b>	<b>21,3</b>	<b>(0,8)</b>	<b>(3,8)</b>	<b>9,5</b>
Depreciations	(3,2)	(3,3)	(3,9)	(3,2)	(1,0)	(1,6)
<b>EBIT</b>	<b>9,6</b>	<b>(2,1)</b>	<b>17,4</b>	<b>(4,0)</b>	<b>(4,8)</b>	<b>7,9</b>
Adjustments	FY2017	FY2018	FY2019	FY2020	2020'Q4	2019'Q4
Value adjustment, biological assets	2,4	1,2	(7,9)	11,3	2,9	(3,3)
<b>EBITDA at fixed herd prices</b>	<b>15,2</b>	<b>2,4</b>	<b>13,4</b>	<b>10,5</b>	<b>(0,9)</b>	<b>6,2</b>
Feed conversion ratio	2,81	2,95	2,90	2,82	2,78	2,84
EBITDA margin at fixed herd price	24,9 %	4,5 %	20,6 %	17,3 %	-7,3 %	32,1 %

## Cash flow overview - Idavang Russia

EURm	FY2017	FY2018	FY2019	FY2020	2020'Q4	2019'Q4
Revenue	48,5	46,3	45,5	41,2	10,2	11,6
Value adjustment, biological assets	(2,6)	3,8	(3,8)	2,0	(1,2)	(0,7)
Production cost	(33,6)	(31,5)	(34,2)	(31,0)	(8,9)	(10,8)
Other income	0,3	0,6	1,0	0,8	0,4	0,3
Other expenses	(0,1)	(0,1)	(0,1)	(0,1)		(0,1)
<b>Gross profit</b>	<b>12,6</b>	<b>19,0</b>	<b>8,3</b>	<b>12,9</b>	<b>0,5</b>	<b>0,3</b>
Administration cost	(1,6)	(1,4)	(1,5)	(1,0)	(0,2)	(0,4)
<b>EBITDA</b>	<b>11,0</b>	<b>17,6</b>	<b>6,8</b>	<b>11,9</b>	<b>0,3</b>	<b>(0,1)</b>
Depreciations	(4,6)	(4,2)	(4,6)	(4,5)	(1,2)	(1,3)
<b>EBIT</b>	<b>6,4</b>	<b>13,4</b>	<b>2,2</b>	<b>7,4</b>	<b>(0,9)</b>	<b>(1,4)</b>
Adjustments	FY2017	FY2018	FY2019	FY2020	2020'Q4	2019'Q4
Value adjustment, biological assets	2,6	(3,8)	3,8	(2,0)	1,2	0,7
<b>EBITDA at fixed herd prices</b>	<b>13,6</b>	<b>13,9</b>	<b>10,6</b>	<b>9,9</b>	<b>1,5</b>	<b>0,6</b>
Feed conversion ratio	2,80	2,90	2,88	2,90	2,96	2,87
EBITDA margin at fixed herd price	28,1 %	30,0 %	23,4 %	24,0 %	14,7 %	5,2 %

Source: Group information



# Balance sheet – Idavang Group

## Balance sheet – Idavang Group

EURm	FY2019	FY2020
Goodwill and other intangibles	1,3	1,2
Property, plant and equipment	96,7	79,5
Biological assets / Breeding herd	15,8	15,5
Deferred tax	0,8	0,8
Financial fixed assets	0,4	0,4
<b>Total non-current assets</b>	<b>115,0</b>	<b>97,4</b>
Biological assets / Commercial herd	27,7	17,1
Biological assets / Fields	1,6	1,1
Inventories	15,6	12,2
Receivables (and assets for sale)	9,9	4,8
Cash reserve IFC repayment	24,8	-
Cash and cash equivalents	5,5	13,8
<b>Total current assets</b>	<b>85,1</b>	<b>49,0</b>
<b>Total assets</b>	<b>200,1</b>	<b>146,4</b>

EURm	FY2019	FY2020
<b>Equity</b>	<b>67,3</b>	<b>29,9</b>
Interest bearing non-current debt	92,7	80,3
Other non-current liabilities	5,2	3,1
<b>Total non-current liabilities</b>	<b>98,0</b>	<b>83,4</b>
Interest bearing current debt	27,7	21,3
Trade payables	5,3	6,9
Corporate tax payable	-	0,6
Other current liabilities	1,7	4,3
<b>Current liabilities</b>	<b>34,8</b>	<b>33,1</b>
<b>Total liabilities</b>	<b>132,7</b>	<b>116,5</b>
<b>Total Equity and Liabilities</b>	<b>200,1</b>	<b>146,4</b>
Gross debt to FY EBITDA	5,3x	5,2x
Net debt to FY EBITDA (excl. IFC reserve)	5,0x	4,5x

## Comments

- The asset base consists primarily of machinery, production facilities and biological assets (breeding herd and commercial herd), which are fully owned by Idavang
- EUR 38m of the Group's Lithuania real estate is pledged in favour of the bond holders
- Interest bearing debt, in addition to the bond debt, relates to debt items allowed under the carveouts, primarily EUR 19m equivalent in Russian state subsidized loans
- The attractive RUB loans are granted in connection with investments in Russian production facilities and to fund feed purchases
- FY2020 EBITDA is 5.2x and 4.5x on gross and net basis, respectively

Source: Group information

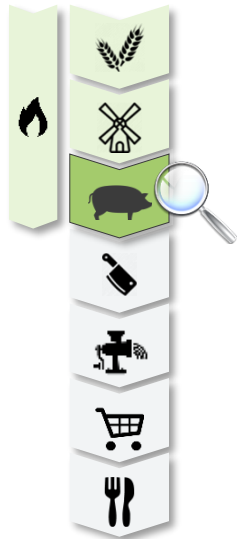
# **IDAVANG A/S**

**CVR no. 20 95 61 43**

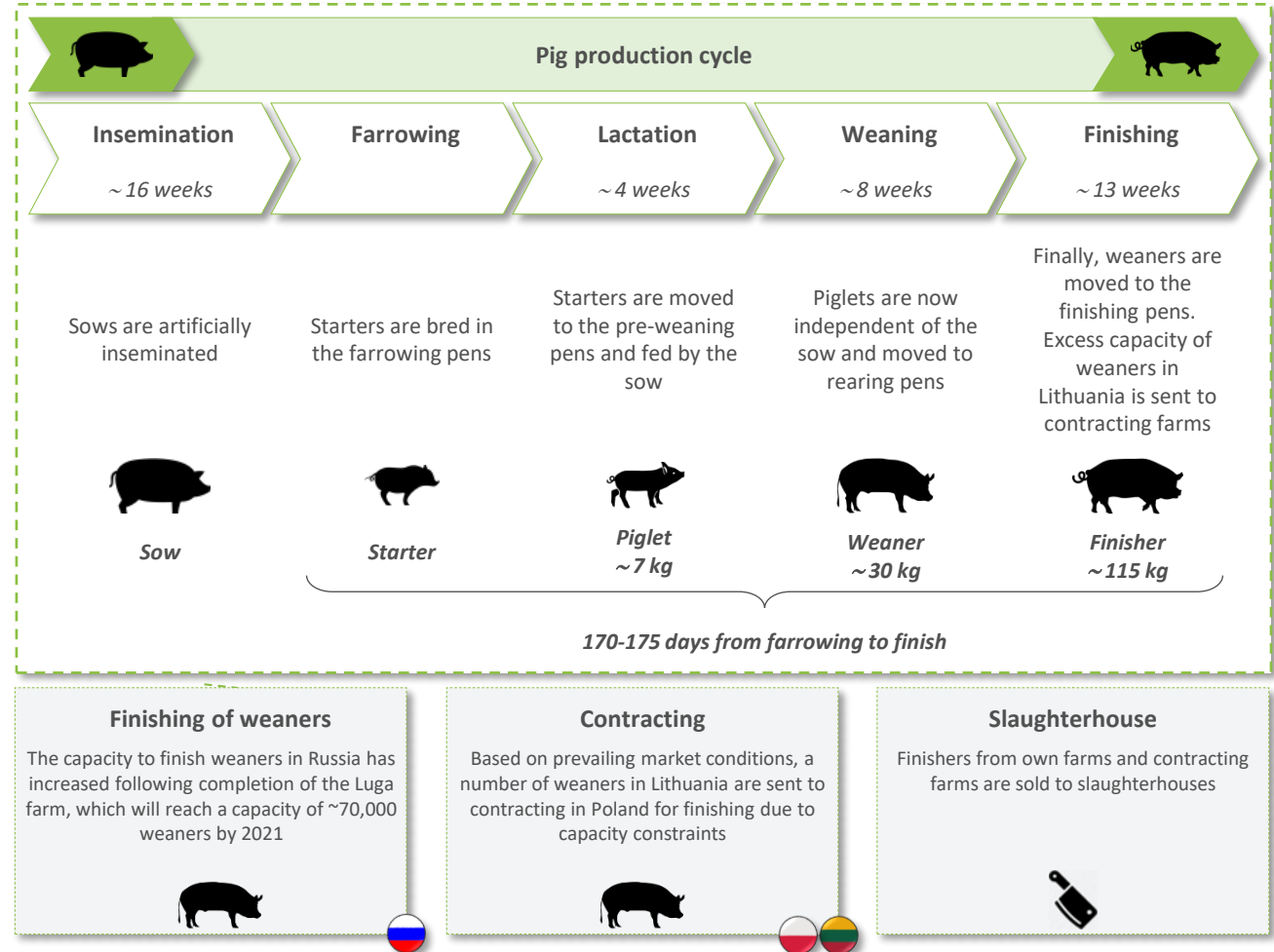
**Tofthøjvej 41  
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**[www.idavang.com](http://www.idavang.com)**

# Pig production cycle



- At the centrepiece of Idavang's success is the operational expertise embedded throughout the organisation, entailing all phases of the 'Pig production cycle' – from insemination to finishing
- In each phase of the production cycle, Idavang employees closely monitor the well-being and performance of the animals, in order to ensure optimal production results and animal welfare
- A broad range of KPIs are tracked and analysed during the production cycle, and the management continuously seeks to improve operational performance
- At the end of a production cycle, the finishers are sold to slaughterhouses
- Alternatively pigs are sold as weaners/sent to contracting



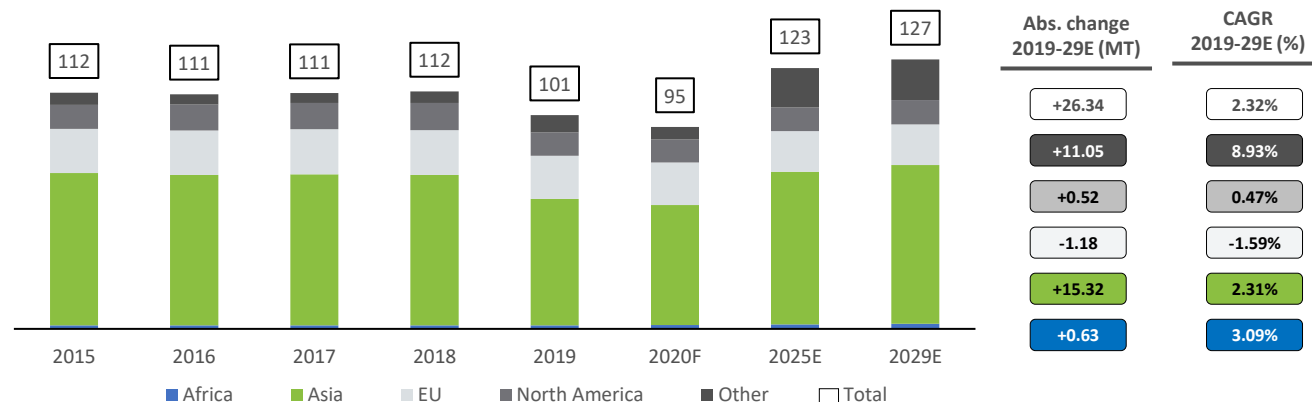
Source: Group information

# Pork – a global commodity

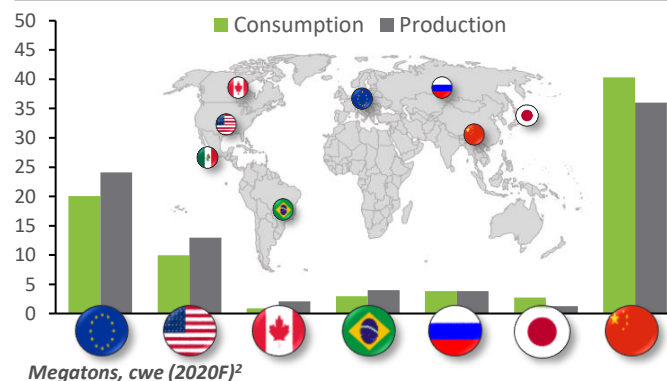
## Comments

- The global demand for pork is expected to develop in line with the global protein mega-trend, in which population growth and higher disposable income are two of the main drivers
- The global demand for pork increases the pork trade flows across the globe, which is a result of significant discrepancies between consumption and production in the major pig trading countries. Hence, large quantities of pork is being transported across the globe
- China, the biggest importer of pork, has since 2011 seen consumption exceed production, and in 2019 the consumption exceeded production by 12% of total production, corresponding to 4.3 megaton more being consumed
- The African Swine Fever (“ASF”) outbreak in 2018/2019 led to a decrease in supply and drove up prices. The effects are seen in the decrease in global pork consumption from 2018 to 2019 as price-sensitive consumers cut consumption.
- As ASF is contained, pork prices will begin to fall as supply picks up. It is therefore the expectation that the coming years will see a significant rise in global consumption, and Chinese imports in particular, as prices fall and population and disposable income rise

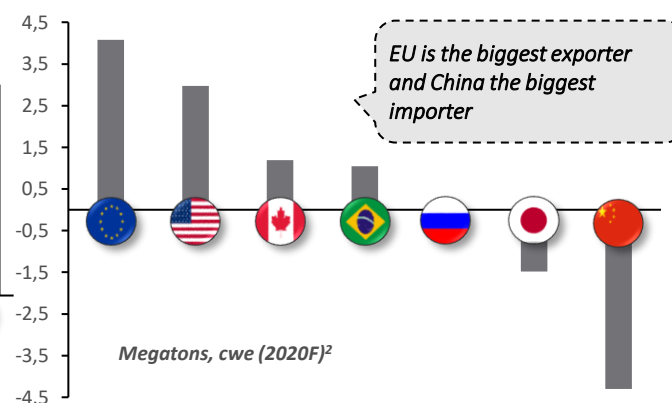
## Global pork consumption by region, megatons<sup>1</sup>



## Pork consumption and production



## Net inflow, major pig trading countries

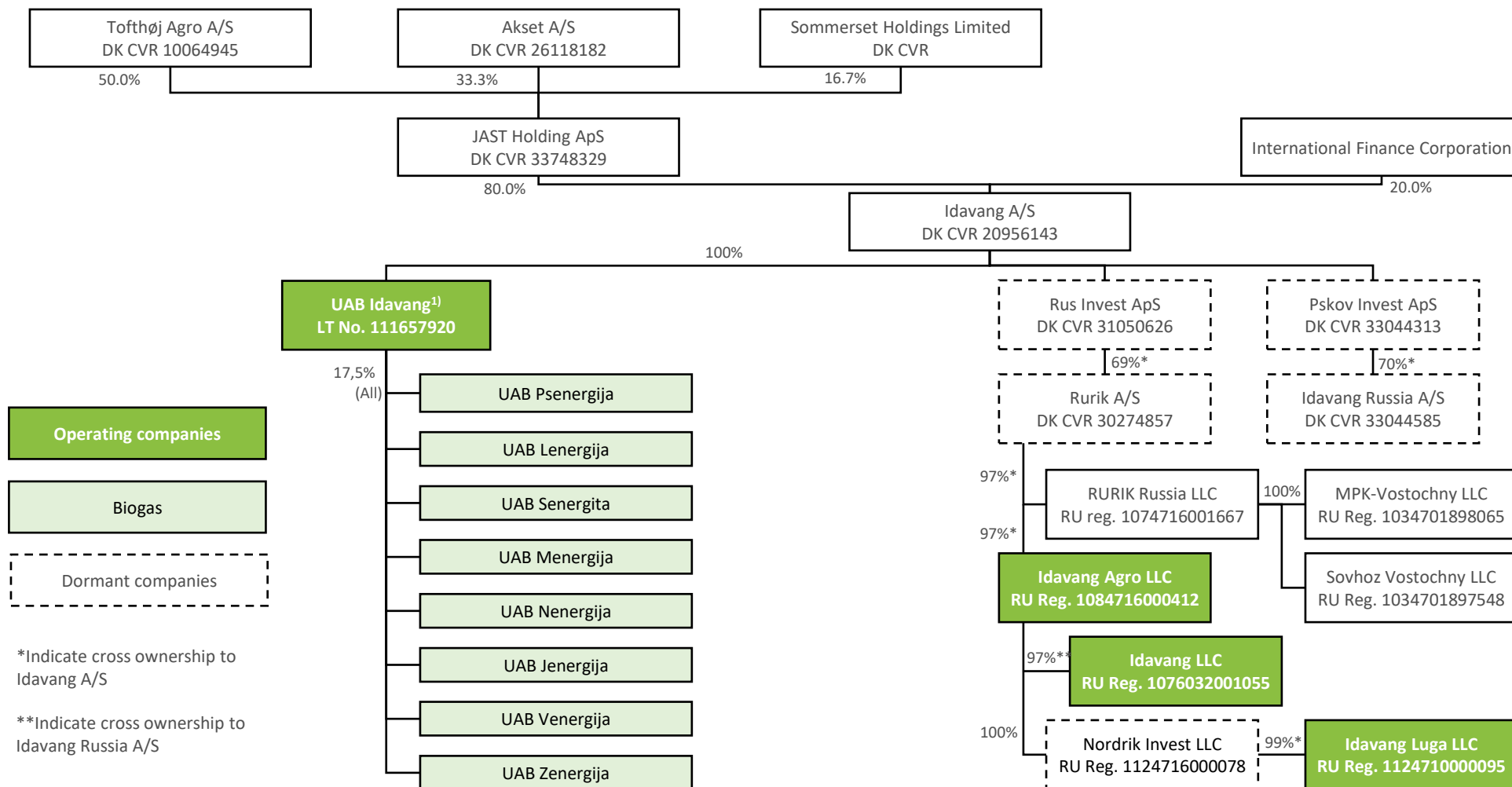


Source: USDA Livestock and Poultry: World Markets and Trade (July 2020), OECD-FAO

Notes: (1) USDA numbers for 2015 to 2020F and OECD numbers for 2025E and 2029E, (2) USDA 2020 forecasted numbers as of July 2020



# Group Legal Structure



Source: Group information

Note: (1) The old entities UAB Idavang Pasodele and UAB Idavang Kepaliai have been merged into UAB Idavang.



# Summary of terms

Issuer	Idavang A/S
Issue amount	EUR 75 million
Use of proceeds	Refinance existing debt
Coupon	3m Euribor + 725 bps p.a., quarterly interest payments in arrears, Euribor floor of 0.0%
Tenor	5 years
Guarantors	UAB Idavang, Rus Invest ApS, Rurik A/S, Pskov Invest ApS and Idavang Russia A/S
Security	Security package includes: (i) share pledges over Guarantors and Russian operating companies, (ii) mortgages over substantial Lithuanian real estate, (iii) Danish registered negative pledges and (iv) assignment over intra-group loan (RUB 908m, EUR ~10m equivalent) from the Issuer to Idavang Agro LLC
Call structure	NC 30 months, thereafter callable @ 100% + 50/33/25/10/0% of the coupon after 30/36/42/48/57 months, respectively Cash sweep of 50% of free cash flow @102,3925
Voluntary partial redemption	Maximum 15% of the Issue amount at one occasion during a 12 month period, at a price equal to the call option amount
Negative pledge	Negative pledge with carve-out for, inter alia, RUB loans of RUB 1.750.000.000 (19 mEUR equivalent), a super senior RCF of EUR 9,000,000 (subject to annual clean-down), factoring in a maximum aggregate amount of EUR 3,000,000, finance leases in a maximum aggregate amount of EUR 3,000,000, lease of farms (including farm land) entered into in the ordinary course of business (except for any sale-and-lease back), pension debt and a general basket in a maximum amount of EUR 1,500,000
Financial support / Restricted payments	No financial support (by way of loans, capital or similar) by the Issuer to Russian subsidiaries, except if funded by the super senior facility or if the incurrence test is met
Distributions	No distributions allowed
Incurrence test	The incurrence test is met if: <ul style="list-style-type: none"> <li>– Net Interest Bearing Debt to EBITDA is not greater than 3.00x</li> <li>– No Event of Default is continuing or occurring upon the incurrence or payment</li> </ul>
Change of control	Investor put @ 101% of par
Governing law	Danish
Listing	Frankfurt Stock Exchange in the Open Market immediately after the Issue date and on Nasdaq Copenhagen within 6 months from the Issue Date

*Note: Terms are not exhaustive. For definitions and further information, please refer to the Term Sheet.*

# ESG questionnaire (1/2)

## Industry in general

- The industry's three biggest sustainability-related challenges are:
  1. Stricter environmental regulations – especially if only pork is impacted and other meat types does not see stricter regulations
  2. Stricter animal welfare regulations, would for the industry become a sustainability-related challenge, but isolated for Idavang it would probably be an opportunity for example because of Idavang's antibiotics levels being significantly below EU/Global levels
  3. Consumer dietary behavior transitioning away from meat, although the transition will be long (probably 15-20 years)
- Idavang considers itself to be above industry peers when it comes to sustainability initiatives which can be illustrated with CO2 measurements (Alltech), IFC review, animal welfare and continuous implementation of new initiatives – next year will see biogas heating integrated with farms
- Idavang is not a signatory of the UN Global Compact or Science Based Targets, but the Company tracks the most relevant goals, which can be found in the CSR report

## E Environment

- Idavang is strongly positioned if meat with low CO<sub>2</sub> emissions or low antibiotics levels becomes trendy, as Idavang is generally above peers in terms of sustainability initiatives related to both climate and animal welfare. It may as well be considered as a competitive advantage for the Company in the long term
- The Company's three primary risks related to climate change are:
  1. Higher feed price – due to volatile weather conditions globally
  2. Stricter environmental regulations, especially if these are not implemented in geographies that Idavang indirectly compete with e.g. US or Brazil
  3. Volatile weather conditions where Idavang's fields are located
- Idavang will continue to invest to reduce its carbon footprint. In particular, the Company anticipates to:
  1. Utilize heat generation from biogas plants
  2. Make further investments in resource-saving technologies, e.g. LED light
  3. Increase use of solar power plants
- Idavang does not rely on locally scarce resources for its operations
- The Company does not anticipate any short-term (5 years) risks or opportunities due to the transition to a carbon neutral society – but carbon-neutral or carbon-low meat will be required on a longer timeline. Idavang considers the carbon-neutral transition a strong opportunity as the Company has already focused on CO-reductions for many years, as documented through Alltech's reviews
- The Company's primary means of making a positive environmental impact or minimising negative environmental impact primarily corresponds to the UN Sustainable Development Goals of:
  1. Responsible consumption and production (Goal 12) – Idavang's antibiotic use is considered as a key KPI in operations and is significantly below EU and Global peers, and focus on animal welfare is critical in the Company's operations
  2. Climate action (Goal 13) – Idavang tracks nitrogen consumption to ensure that the limit is not exceeded when fertilizing, tracks the net electricity contribution of biogas plants installed and reduces the need for Soya (CO-intensive) using rape as a replacement. Furthermore, the Company also makes use of Best Available Techniques (BAT) for waste management, such as covered lagoons, up-to-date slurry irrigation machinery and sourcing of manure

# ESG questionnaire (2/2)

## S Social

- Idavang keeps record of all accidents and incidents
  1. All accidents and incidents are investigated thoroughly to find the root cause and eliminate it and relative personnel trained
  2. Idavang has implemented numerous of Health, Environment and Safety (HES) policies with focus on accident prevention
- Idavang strives to be a positive force in the communities where the Group operates, including but not limited to:
  1. Providing financial and material support to villages such as repairing public bridges and school buildings, supporting local hospitals, libraries, sports facilities, educational and cultural institutions, and support for community events and celebrations
- Idavang's purchases with focus on local sourcing, e.g. grain (the largest production input) is delivered from the Group's own fields or bought from local farmers directly or via traders, while waste is recycled as fertilizer delivered to the Group's own fields or neighbouring fields within short distance. The Company has introduced several requirements to its suppliers, including anti-corruption, focus on having the shortest possible transportation distances and being social responsibility i.e. customers are checked that they pay taxes, VAT, etc.
- Idavang's CSR policy includes a responsible choice of business partners (e.g. no corruption). Suppliers need to live up to: Good reputation, high product and service quality, efficiency and strict compliance with the laws, veterinary standards and animal welfare considerations. The requirements apply not only to product suppliers and transporters, but also to the companies to which the products are delivered. Idavang has long standing relations with most key suppliers (often 10+ years), hence careful auditing is focused on new suppliers

## G Governance

- Idavang emphasises a strong anti-corruption program required for all staff members. IFC (World Bank Group) further strengthened this focus on anti-corruption when they became shareholders. There have not been any incidents involving corruption, cartels or any other unethical business conduct, however, the Group has not implemented an external whistle blower function
- Lithuania and Russia are primary tax residences since they are countries of operation while Denmark is secondary tax residence as all founders are Danish.
- The Chairman of the Board of Directors is independent
- The Company has limited transactions with related parties. Bond terms include EUR 200k to related parties, including board fees
- The remuneration of the CEO and other members of the management team is in line with industry peers according to management view. KPI used to dictate the remuneration is the Hay Annual Review
- Gender split at different levels of the Group:
  1. Overall: 53% women, 47% men
  2. Group Management : 5 men
  3. Board of Directors: 1 woman, 4 men
- There is no Head of Sustainability position, it is included in the CEO job profile
- Idavang has the following policies and agreements in place: (i) Work Counsel; (ii) Code of Conduct, part of CSR policy; (iii) Diversity Policy, part of CSR policy; (iv) Anti-Corruption Policy