

GOODVALLEY

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Home of Quality

Interim report Q3 2018

Highlights

Goodvalley continued to strengthen the Group's platform for profitable growth in Q3 2018 based on high operational efficiency, completion of stable upgrades and the launch of branded products in Poland. Challenging weather conditions in Poland and Ukraine affected the harvest, and a lower Arable yield combined with higher feed costs and a drop in pig and pork prices entailed lower earnings in the quarter.

“

We maintained strong operational performance in Q3 2018, while our financials were significantly impacted by tough weather conditions and market volatility in the wake of the drought this summer and a general oversupply of pork across Europe. We faced severe headwinds across our business and had to adjust expectations during the quarter, but in spite of a general lack of profitability in our sector, especially within the EU, we still expect to generate strong earnings. We continued to invest in our business as we launched our own branded products in Poland and completed a number of stable upgrades to increase capacity, animal welfare and efficiency going forward.

”

says CEO Tom Axelgaard.

Contact information

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Conference call

A conference call for investors, analysts and other stakeholders will be conducted in English by CEO Tom Axelgaard and CFO Hans Henrik Pedersen on 27 November 2018 at 11 AM (CET). The conference call can be followed live via this [link](#), and participants may dial telephone numbers provided at our corporate website to ask questions.

Q3 2018

- Group revenue declined to DKK 377 million (Q3 2017: DKK 446 million) due to lower pig prices driven by a general oversupply of meat in the market and challenging weather conditions during the year. Goodvalley's Adjusted* EBITDA came to DKK 35 million (Q3 2017: DKK 115 million), corresponding to an Adjusted EBITDA margin of 9.2% (Q3 2017: 25.8%).
- Pig segment revenue declined to DKK 254 million (Q3 2017: DKK 296 million) following lower prices and volumes due to completion of stable renovations and improvements in the quarter as well as lower finisher capacity in Poland. Adjusted EBITDA was DKK 58 million (Q3 2017: DKK 106 million).
- Revenue from the Food segment was down to DKK 174 million (Q3 2017: DKK 201 million) driven by lower prices due to a general oversupply of pork in Europe, while EBITDA was down to DKK -14 million (Q3 2017: DKK -4 million) driven by marketing costs related to the launch of the Goodvalley brand.
- The Arable segment was severely impacted by challenging weather conditions, entailing lower revenue of DKK 96 million (Q3 2017: DKK 111 million) and EBITDA of DKK -18 million (Q3 2017: DKK 12 million) as the overall yield dropped by 30-40%.
- The Energy segment generated revenue of DKK 21 million (Q3 2017: DKK 16 million) and EBITDA of DKK 2 million (Q3 2017: DKK 2 million).

9M 2018

- Group revenue declined to DKK 1,102 million (9M 2017: DKK 1,232 million) and Adjusted EBITDA came to DKK 190 million (9M 2017: DKK 336 million) corresponding to an Adjusted EBITDA margin of 17.3% (9M 2017: 27.3%).
- Pig segment revenue declined to DKK 764 million (9M 2017: DKK 867 million), and Adjusted EBITDA came to DKK 184 million (9M 2017: DKK 292 million).
- Revenue from the Food segment was lower at DKK 556 million (9M 2017: DKK 583 million), and EBITDA was DKK -6 million (9M 2017: DKK -4 million).
- The Arable segment's revenue was stable at DKK 113 million (9M 2017: DKK 111 million), and EBITDA declined to DKK 2 million (9M 2017: DKK 31 million).
- The Energy segment's production was slightly up, generating revenue of DKK 59 million (9M 2017: DKK 53 million) and EBITDA of DKK 11 million (9M 2017: DKK 13 million).

OUTLOOK:

Goodvalley maintains the recently updated expectations for revenue of DKK 1,400-1,550 million and Adjusted EBITDA of DKK 220-250 million in 2018.

**In this report, Adjusted EBITDA refers to EBITDA adjusted for herd price changes and non-recurring items, cf. page 3.*

Financial highlights

DKK million	Q3 2018	Q3 2017	9 M 2018	9 M 2017
Income statement				
Revenue	377	446	1,102	1,232
Total income	322	384	1,178	1,327
Gross profit	72	134	298	446
EBITDA	40	111	210	386
Adjusted EBITDA	35	115	190	336
EBIT	12	81	122	295
Financial items, net	(33)	(41)	(51)	(108)
Profit / (loss) for the period	(21)	36	67	173
Adjusted* profit	(6)	60	57	186
Cash flow				
Operating activity	58	103	146	242
Investing activity	(91)	(42)	(214)	(99)
Free cash flow	(33)	61	(68)	143
Financing activity	(4)	(99)	9	(30)
Balance sheet				
Non-current assets	1,907	1,883	1,907	1,883
Net working capital	600	577	600	577
Invested capital	2,507	2,460	2,507	2,460
Total assets	2,798	2,779	2,798	2,779
Equity	1,274	1,276	1,274	1,276
Net interest-bearing debt	1,178	1,186	1,178	1,186

*In this report, Adjusted profit refers to profit for the period adjusted for non-recurring items, herd price changes and exchange rate adjustments in financial items.

DKK million	Q3 2018	Q3 2017	9 M 2018	9 M 2017
Financial ratios				
Gross margin	19.2%	30.0%	27.0%	36.2%
EBITDA margin	10.5%	25.0%	19.0%	31.3%
Adjusted EBITDA margin	9.2%	25.8%	17.3%	27.3%
EBIT margin	3.0%	18.1%	11.1%	23.9%
Free cash flow / Revenue	(8.6%)	13.7%	(6.2%)	11.6%
Cash conversion	167.9%	89.4%	76.7%	72.0%
Capex	(111)	(42)	(220)	(105)
NIBD/Adjusted EBITDA LTM	4.1	2.8	4.1	2.8
Equity ratio	45.5%	45.9%	45.5%	45.9%
ROIC	6.4%	11.3%	6.4%	11.3%
FTE end of period	2,306	2,285	2,306	2,285
Share ratios				
Earnings per share, DKK	(0.4)	0.7	1.2	3.2
Goodvalley Bond Obligor Group*				
Revenue	328	486	977	1,105
Total income	277	351	1,043	1,194
EBITDA	14	97	148	342
Adjusted EBITDA	13	102	138	293
Interest bearing debt	1,221	1,191	1,221	1,191
Net interest bearing debt	1,171	1,044	1,171	1,044
Adjusted EBITDA LTM	223	366	223	366
NIBD/Adjusted EBITDA LTM	5.2	2.9	5.2	2.9

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

Financial performance

GROUP

BUSINESS DEVELOPMENT

Despite tough market conditions characterised by an oversupply of meat and challenging weather conditions, Goodvalley's operational performance remained strong as the Group generated market-leading KPIs in the third quarter, which is typically characterised by lower efficiency levels in the pig segment due to the higher temperatures during the Summer months. The Group increased the number of pigs sold per sow to 31.2 (Q3 2017: 30.7) in Q3 2018 and 31.9 (9M 2017: 30.7) in 9M 2018, and improved the feed conversion ratio to 2.73 (Q3 2017: 2.75) in the quarter and 2.74 (9M 2017: 2.74) for the first 9 months of 2018.

Goodvalley completed the stable improvements by the end of the quarter according to plan, enabling a further strengthening of the Group's overall operational efficiency and animal welfare level. Costs related to stable improvements combined with lower pig prices, lower capacity at the Group's farms in Poland, challenging weather conditions for the Arable segment with yields decreasing 30-40% as well as efforts to launch the Goodvalley brand entailed lower revenue and earnings in the third quarter and the first 9 months of 2018.

DKK million	Q3 2018	Q3 2017	9M 2018	9M 2017
Revenue	377	446	1,102	1,232
Change in fair value	(60)	(76)	62	26
Grants and other income	5	14	14	68
TOTAL INCOME	322	384	1,178	1,327

INCOME STATEMENT

Revenue

In Q3 2018, revenue came to DKK 377 million (Q3 2017: DKK 446 million) following a decline in pig and pork prices as well as lower volumes produced in the Pig segment and a detrimental effect on the Arable segment by the drought and challenging harvest conditions.

Total income amounted to DKK 322 million (Q3 2017: DKK 384 million) in Q3 2018 following fair value adjustments of DKK -60 million (Q3 2017: DKK -76 million).

9M 2018 revenue amounted to DKK 1,102 million (9M 2017: DKK 1,232 million), and total income was DKK 1,178 million (9M 2017: DKK 1,327 million).

Cost of goods sold

The cost of goods sold was stable at DKK 250 million (Q3 2017: DKK 250 million) in Q3 2018, which was negatively impacted by higher cost in the Arable segment related to the challenging weather conditions during the harvest, the completion of stable renovations in the Pig segment and higher feed prices. Cost of

DKK million	Q3 2018	Q3 2017	9M 2018	9M 2017
EBITDA	40	111	210	386
Herd price adjustment	(5)	4	(19)	(50)
Adjusted EBITDA	35	115	190	336
ADJUSTED EBITDA MARGIN	9.2%	25.8%	17.3%	27.3%
EBITDA margin	10.5%	25.0%	19.0%	31.3%

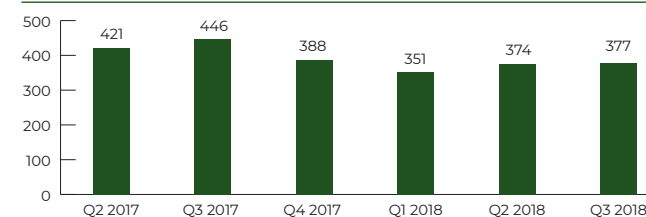
goods sold was positively affected by lower feed consumption due to a decline in volumes produced.

In 9M 2018, cost of goods sold was stable at DKK 880 million (9M 2017: DKK 881 million).

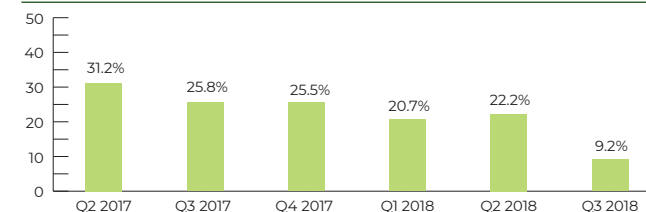
SG&A

Sales, general and administrative expenses increased to DKK 32 million (Q3 2017: DKK 23 million) in Q3 2018, mainly relating to the strengthening of the Group's organisation and brand, entailing higher salary cost for administrative functions and increased branding costs. The launch of the Goodvalley brand and name progresses according to plan and is expected to entail total costs of approximately DKK 20 million during 2018

REVENUE, DKK MILLION



ADJUSTED EBITDA MARGIN, %



Financial performance

GROUP

of which DKK 14 million is included in 9M figures. In 9M 2018, the Group's SG&A amounted to DKK 88 million (9M 2017: DKK 60 million).

EBITDA

Goodvalley's Adjusted EBITDA declined to DKK 35 million (Q3 2017: DKK 115 million) in Q3 2018, corresponding to an Adjusted EBITDA margin of 9.2% (Q3 2017: 25.8%). EBITDA decreased to DKK 40 million (Q3 2017: DKK 111 million), and the Group's EBITDA margin came to 10.5% (Q3 2017: 25.0%).

In 9M 2018, Goodvalley's Adjusted EBITDA amounted to DKK 190 million (9M 2017: DKK 336 million), corresponding to an Adjusted EBITDA margin of 17.3% (9M 2017: 27.3%). The Group reported EBITDA of DKK 210 million (9M 2017: DKK 386 million) and an EBITDA margin of 19.0% (9M 2017: 31.3%).

EBIT

In Q3 2018, EBIT amounted to DKK 12 million (Q3 2017: DKK 81 million), corresponding to an EBIT margin of 3.0% (Q3 2017: 18.1%). EBIT amounted to DKK 122 million (DKK 295 million) in 9M

2018, corresponding to an EBIT margin of 11.1% (9M 2017: 23.9%).

ADJUSTED PROFIT

The Group's Adjusted* profit came to DKK -6 million (Q3 2017: DKK 60 million), corresponding to an Adjusted profit margin of -1.6% (Q3 2017: 13.5%).

9M 2018 Adjusted profit came to DKK 57 million (9M 2017: DKK 186 million), corresponding to an Adjusted profit margin of 5.2% (9M 2017: 16.9%).

DISCONTINUED OPERATIONS

The net result from discontinued operations amounted to DKK 0 (Q3 2017: DKK -4 million) in Q3 2018 and DKK -4 million (9M 2017: DKK -14 million) in 9M 2018.

Following the initiation of a sales process in 2017 for the Group's discontinued activities in Krasnodar, Russia, Goodvalley completed the sale of the activities at 11 October 2018 reported as an event after the balance sheet date.

BALANCE SHEET

Goodvalley's balance sheet amounted to a total of DKK 2,798 million (9M 2017: DKK 2,779 million) at 30 September 2018.

Goodvalley's net working capital was DKK 600 million (9M 2017: DKK 577 million) at 30 September 2018 including 145 thousand tonnes of grain and other feed components in stock for the coming feeding season.

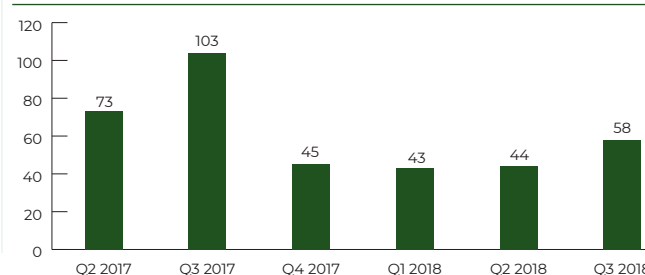
The Group's invested capital was DKK 2,507 million (9M 2017: DKK 2,460 million) at 30 September 2018, and the return on invested capital (ROIC) decreased to 6.4% (9M 2017: 11.3%) driven by lower LTM earnings.

Total equity was DKK 1,274 million (9M 2017: DKK 1,276 million) at 30 September 2018, and the equity ratio was stable at 45.5% (9M 2017: 45.9%).

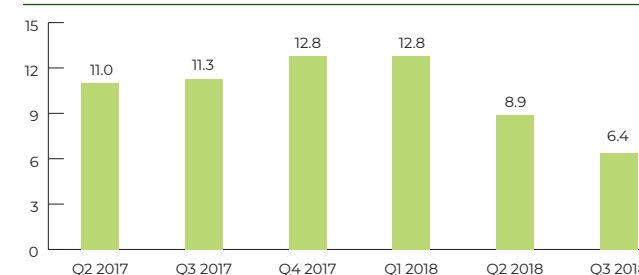
At 30 September 2018, Goodvalley's net interest-bearing debt was DKK 1,178 million (9M 2017: DKK 1,186 million), and the Group's financial gearing ratio was 4.1 (9M 2017: 2.8).

DKK million	Q3 2018	Q3 2017	9M 2018	9M 2017
Net profit	(21)	36	67	173
Herd price adjustment	(5)	4	(19)	(50)
Exchange rate adjustment	20	20	9	40
Non recurring items	-	-	-	23
Adjusted profit	(6)	60	57	186
ADJUSTED PROFIT MARGIN	(1.6%)	13.5%	5.2%	16.9%
Net Profit margin	(5.6%)	8.1%	6.1%	14.0%

OPERATING CASH FLOW, DKK MILLION



ROIC, %



*In this report, Adjusted profit refers to profit for the period adjusted for non-recurring items, price changes of herd on stock and exchange rate adjustments in financial items.

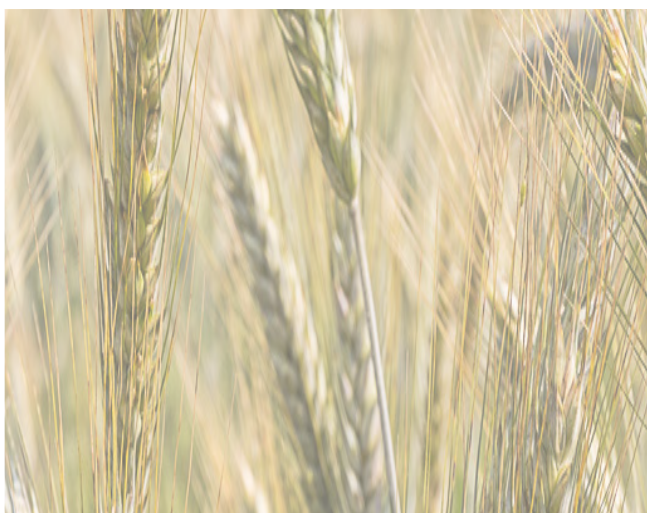
Financial performance



EVENTS AFTER THE BALANCE SHEET DATE

On 11 October 2018, Goodvalley successfully completed the sale of the disposal group in Krasnodar, Russia. All assets and liabilities related to the disposal group has been reported as held for sale in the balance sheet at a net amount of DKK 0. The sale is expected to result in a reversal of impairment losses of DKK 7 million after cost for selling and will be included in discontinued operations in Q4.

On 7 November 2018, Goodvalley adjusted its outlook for 2018 Adjusted EBITDA to DKK 220-250 million against previous expectations of DKK 280-325 million. The Group's revenue outlook for 2018 was maintained at DKK 1,400-1,550 million. Based on the volatility in agricultural markets and the impact on Goodvalley's performance, the Board of Directors and owners simultaneously resolved to halt the IPO process with an ambition to pursue an IPO at a later stage.



Financial performance

PIG

Goodvalley's Pig segment sold 27,434 tonnes of pork (Q3 2017: 28,357 tonnes) in Q3 2018 and generated revenue of DKK 254 million (Q3 2017: DKK 296 million) comprised of external revenue from sales of live pigs as well as internal revenue from sales to Goodvalley's Food segment, accounting in total for 46% of Group revenue before segment eliminations (Q3 2017: 47%). Revenue was affected by a decline in volumes sold in Poland and Ukraine due to stable upgrades that temporarily reduced capacity at the Group's farms as well as the conversion to RWA entailing a substitution in the product mix towards weaner sales. Total income came to DKK 265 million (Q3 2017: DKK 300 million) and includes positive fair value price changes as compared to negative price changes in the same quarter 2017.

The segment's earnings were adversely affected by a decrease in the average pig price for finishers to DKK 11.24 per kilo (Q3 2017: DKK 12.71 per kilo) in Q3 2018 as well as the average pig price for weaners to DKK 14.72 per kilo (Q3 2017: DKK 20.25 per kilo) in Q3 2018. The segment was moreover affected by a

significant increase in the feed price to DKK 1.70 per kilo (Q3 2017: DKK 1.62 per kilo), which entailed a decline in the meat-to-feed ratio to 6.62 (Q3 2017: 7.86). The Group's total number of sows was 40,992 at the end of Q3 2018 (Q3 2017: 41,503).

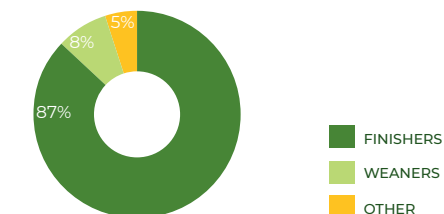
Adjusted EBITDA decreased to DKK 58 million (Q3 2017: DKK 106 million) corresponding to an Adjusted EBITDA margin of 23.0% (Q3 2017: 35.8%). The decrease was driven mainly by the lower pig prices and higher feed prices. Adjusted EBITDA was moreover affected by higher segment overhead for labor, spare parts and other costs related to the improvement of farms, which was completed in Q3 2018, and conversion to RWA. The decrease was partly offset by higher production and efficiency in Russia. In addition, efficiency increased as Goodvalley sold 31.2 pigs per sow (Q3 2017: 30.7) and realised a slight improvement of the feed conversion ratio to 2.73 (Q3 2017: 2.75). EBITDA was DKK 63 million in Q3 2018 (Q3 2017: DKK 102 million).

DKK million	Q3 2018	Q3 2017	9M 2018	9M 2017
External revenue	161	186	475	558
Internal revenue	93	110	289	309
REVENUE	254	296	764	867
Change in fair value	10	(5)	29	48
Other income	1	9	(3)	14
TOTAL INCOME	265	300	790	929
EBITDA	63	102	203	342
ADJUSTED EBITDA	58	106	184	292
Adjusted EBITDA margin	23.0%	35.8%	24.0%	33.6%

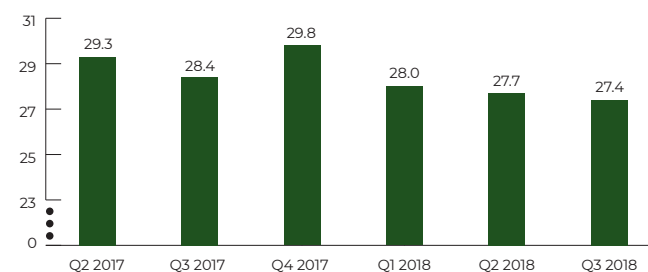
PIG PRICE, DKK/KG AND MEAT TO FEED RATIO



PIGS SOLD BY TYPE, SPLIT PER TONNES % (Q3 2018)



PIGS SOLD, THOUSAND TONNES (LIVE WEIGHT)



Financial performance

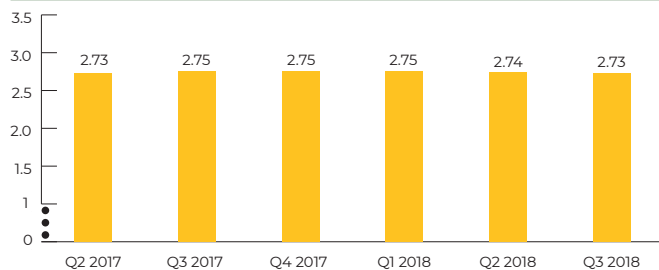
PIG

In 9M 2018, the Pig segment sold 83,150 tonnes of pork (9M 2017: 87,794 tonnes), generating revenue of DKK 764 million (9M 2017: 867 million) and Adjusted EBITDA of DKK 184 million (9M 2017: DKK 292 million), corresponding to an Adjusted EBITDA margin of 24.0% (9M 2017: 33.6%). EBITDA was DKK 203 million (9M 2017: DKK 342 million). The average pig price decreased to DKK 11.08 per kilo in 9M 2018 (9M 2017: DKK 12.13 per kilo), and the feed price was stable at DKK 1.60 per kilo (9M 2017: DKK 1.60 per kilo), entailing a lower meat-to-feed ratio of 6.94 (9M 2017: 7.57).

PIGS SOLD PER SOW, HEADS



FEED CONVERSION RATIO, KG (WHOLE HERD)



Financial performance

FOOD

The Food segment comprises the Polish slaughterhouse and food processing plant, constituting the final stage in Goodvalley's vertically integrated business model.

In Q3 2018, the Food segment sold 12,036 tonnes of pork (Q3 2017: 12,498 tonnes), generating revenue of DKK 174 million (Q3 2017: DKK 201 million). The Food segment accounted for 31% of Group revenue before segment eliminations (Q3 2017: 32%), and the product mix changed toward a higher share of deboned meat with 61% (Q3 2017: 57%) of total tonnes sold, while processed meat amounted to 20% (Q3 2017: 26%) and 19% (Q3 2017: 17%) came from sales of MAP (Modified Atmosphere Packaging) products. 81% of revenue was generated in Poland, 7% in other EU countries, and 12% in other countries.

EBITDA came to DKK -14 million (Q3 2017: DKK -4 million) in Q3 2018, corresponding to an EBITDA margin of -8.2% (Q3 2017: -2.0 %), driven by cost for the marketing campaign of DKK 11 million allocated to the Food segment.

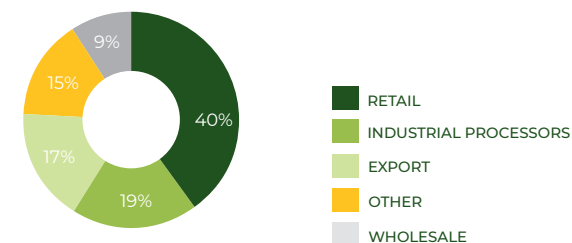
Revenue and earnings were affected by lower prices due to a general oversupply of pork in Europe.

In August 2018, the Group successfully launched a range of products in Poland under the Goodvalley brand across the country's largest retail chains supported by TV commercials, digital and in-store marketing.

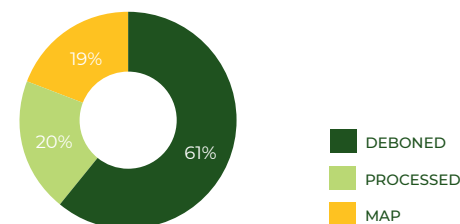
In 9M 2018, the Food segment sold 38,003 tonnes of pork (9M 2017: 37,073 tonnes), generating revenue of DKK 556 million (9M 2017: DKK 583 million) and EBITDA of DKK -6 million (9M 2017: DKK -4 million), corresponding to an EBITDA margin of -1.2% (9M 2017: -0.7%).

DKK million	Q3 2018	Q3 2017	9M 2018	9M 2017
REVENUE	174	201	556	583
Other income	1	-	2	-
TOTAL INCOME	175	201	558	583
EBITDA	(14)	(4)	(6)	(4)
EBITDA margin	(8.2%)	(2.0%)	(1.2%)	(0.7%)

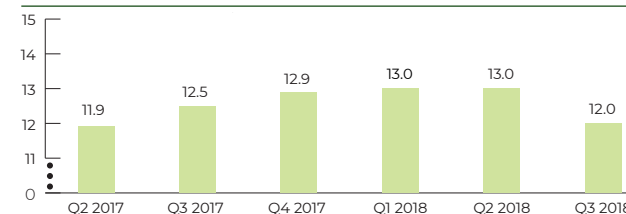
DISTRIBUTION CHANNELS (Q3 2018)



SALES SPLIT PER TONNES % (Q3 2018)



SALE OF PORK THOUSAND TONNES



Financial performance

ARABLE

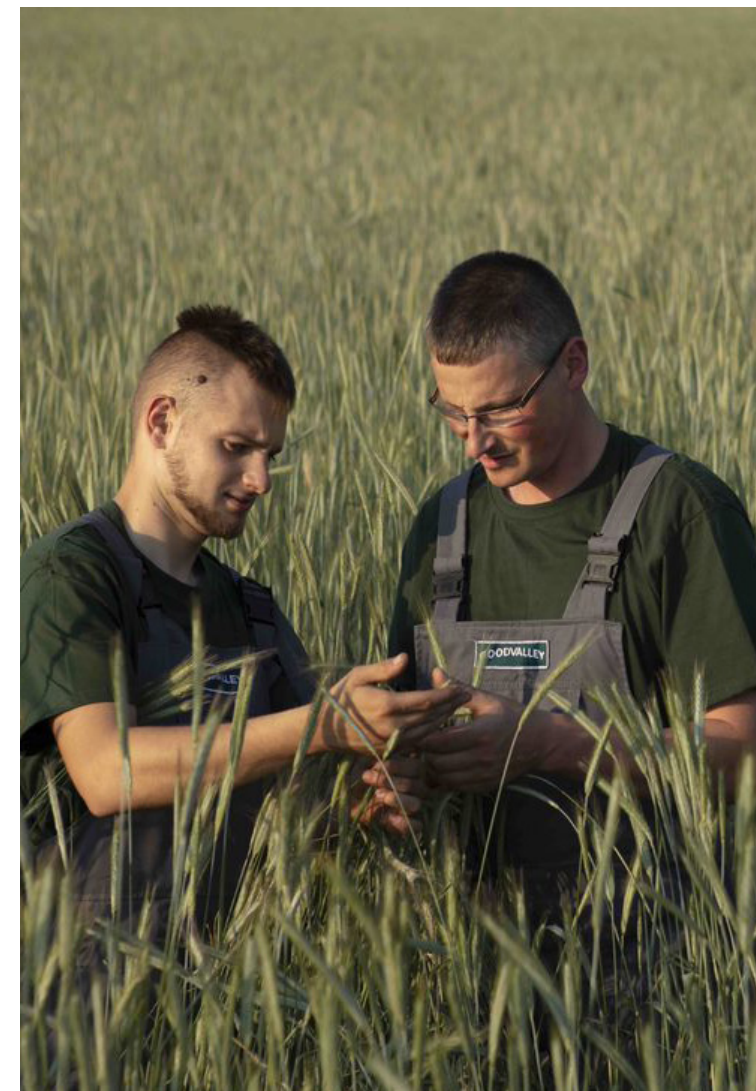
The Arable segment generated revenue of DKK 96 million (Q3 2017: DKK 111 million) in Q3 2018 comprised of external revenue from sales of crops and internal revenue from sales of crops for feed and energy production. The Arable segment accounted for 17% of Group revenue before segment eliminations (Q3 2017: 18%).

Total income came to DKK 28 million (Q3 2017: DKK 44 million) in Q3 2018 and includes revenue and the change in fair value of Goodvalley's harvest of crops transferred to realised sales, as well as grants and other income. The decrease is driven by the drought in Poland and excessive rainfall in Ukraine, during the harvest, entailing a sharp drop in yields of 30-40% and a negative impact on realised revenue and fair value adjustments.

EBITDA declined to DKK -18 million (Q3 2017: DKK 12 million) in Q3 2018 as a result of the lower yields as well as higher costs due to challenging weather conditions during the harvest, partly offset by higher grain prices.

In 9M 2018, the Arable segment generated revenue of DKK 113 million (9M 2017: DKK 111 million) and EBITDA of DKK 2 million (9M 2017: DKK 31 million).

DKK million	Q3 2018	Q3 2017	9M 2018	9M 2017
External revenue	20	44	23	44
Internal revenue	76	67	90	67
REVENUE	96	111	113	111
Change in fair value	(71)	(71)	32	21
Grants and other income	4	4	10	9
TOTAL INCOME	28	44	155	142
EBITDA	(18)	12	2	31
EBITDA margin (%)	(19%)	10%	2%	28%



Financial performance

ENERGY

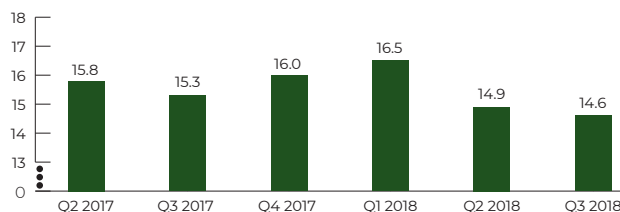
The Energy segment consists of nine biogas plants of which eight are situated in Poland and one in Ukraine.

Goodvalley produced 14.6 GWh electricity (Q3 2017: 15.3 GWh) in Q3 2018 and improved revenue to DKK 21 million (Q3 2017: DKK 16 million) from external sales of electricity and internal sales of heat and electricity to Goodvalley's Pig and Food segments. The Energy segment's external revenue was DKK 17 million (Q3 2017: DKK 13 million) driven by sale of certificates from stock.

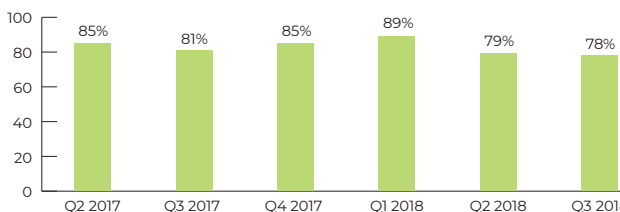
The segment's EBITDA was DKK 2 million (Q3 2017: DKK 2 million), corresponding to an EBITDA margin of 8.0% (Q3 2017: 12.1%), and efficiency was stable around 78%.

In 9M 2018, Goodvalley produced 45.9 GWh electricity (9M 2017: 47.5 GWh), generating stable revenue of DKK 59 million (9M 2017: DKK 53 million) and EBITDA of DKK 11 million (9M 2017: DKK 13 million), corresponding to an EBITDA margin of 18.0% (9M 2017: 23.7%).

PRODUCED ENERGY, GWH



EFFICIENCY, %



DKK million	Q3 2018	Q3 2017	9M 2018	9M 2017
External revenue	17	13	41	41
Internal revenue	4	3	18	12
REVENUE	21	16	59	53
Grants and other income	-	1	1	1
TOTAL INCOME	22	17	60	54
EBITDA	2	2	11	13
EBITDA margin (%)	8.0%	12.1%	18.0%	23.7%



Outlook

Based on year-to-date performance as well as current expectations for the rest of the year, Goodvalley maintains the recently adjusted outlook for 2018 of revenue of DKK 1,400-1,550 million and Adjusted EBITDA* of DKK 220-250 million as announced in company announcement no. 14/2018 on 7 November 2018.

Goodvalley has continuously improved operational performance during the year, but the 2018 outlook is impacted by the drought in Europe during the summer.

- The Arable segment's crop yield was negatively affected by the warm summer in Poland and excessive rainfall in Ukraine during the harvest, leading to a lower stock of grain for feed in the Pig segment.

- The Pig segment's profitability is negatively affected by an increase in the cost of feed due to the lower crop yield and higher crop prices as well as a significant decrease in the price of weaners sold externally for fattening.

- The Food segment's earnings are affected by lower sales prices due to a general oversupply of pork meat in Europe.

The outlook for 2018 is furthermore based on fixed exchange rates as well as the prevailing economic situation in Goodvalley's markets. The outlook represents current expectations for the development in the Group's revenue and Adjusted EBITDA, and Goodvalley's EBITDA may thus deviate significantly from this outlook.

DKK MILLION	PREVIOUS OUTLOOK	2018 OUTLOOK
	(prior to adjustment 7 November 2018)	
REVENUE	1,400-1,550	1,400-1,550
ADJUSTED EBITDA	280-325	220-250

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 annual financial statements for 2017.

FINANCIAL CALENDAR 2019

28 FEBRUARY 2019:	ANNUAL REPORT 2018
04 APRIL 2019:	ANNUAL GENERAL MEETING
27 MAY 2019:	INTERIM REPORT Q1 2019
27 AUGUST 2019:	INTERIM REPORT Q2 2019
27 NOVEMBER 2019:	INTERIM REPORT Q3 2019



Management statement

The the Board of Directors and Executive Board have today reviewed and approved the Interim Report of Goodvalley A/S and subsidiaries ("the Group") for the period 1 January – 30 September 2018. The Interim Report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and additional Danish requirements for listed companies. Furthermore, the Interim Report has been prepared in accordance with the accounting policies set out in the Group's Annual Report for 2017. The Interim Report has not been audited or reviewed by the Group's independent auditor.

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim consolidated financial statements give a true and fair view of the Group's assets, liabilities and financial position as at 30 September 2018 and of the results of the Group's operations and cash flows for the period 1 January - 30 September 2018.

We further consider that the Management Commentary (on page 1 – 11) includes a true and fair description of the development and performance of the Group, the results for the period and the financial position, as well as a description of the principal risks and uncertainties that the Group faces in accordance with Danish requirements for listed companies.

Apart from the information set out in the Interim Report, there have been no changes to the Group's significant risks and uncertainties that have not been disclosed in the Annual Report 2017.

Executive Board

Tom Axelgaard Chief Executive Officer	Hans Henrik Pauk Pedersen Chief Financial Officer	Kristian Brokop Chief Operating Officer
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Board of Directors

Anders Christen Obel Chairman	Niels Rauff Hansen Vice Chairman	Anders Bundgaard
Jens Jørgen Nielsen	Erling Bech Poulsen	Helle Okholm

In August 2018, the Group successfully launched a range of products in Poland under the Goodvalley brand across the country's largest retail chains supported by TV commercials, digital and in-store marketing.

The Goodvalley branded products are characterized by being from pigs raised without antibiotics, GMO free and from a climate friendly production.



Financial Statements

Statement of comprehensive income

INCOME STATEMENT

DKK MILLION	Q3 2018	Q3 2017	9M 2018	9M 2017
Revenue	377	446	1,102	1,232
Change in fair value of biological Assets	(60)	(76)	62	68
Grants and other income	5	14	14	27
TOTAL INCOME	322	384	1,178	1,327
Cost of goods sold (COGS)	(250)	(250)	(880)	(881)
GROSS PROFIT	72	134	298	446
SG&A	(32)	(23)	(88)	(60)
EBITDA	40	111	210	386
Depreciation and amortisation	(28)	(30)	(88)	(91)
PROFIT BEFORE FINANCIAL EXPENSES AND TAX	12	81	122	295
Financial income	2	2	5	4
Financial expenses	(15)	(23)	(47)	(72)
Exchange rate adjustments	(20)	(20)	(9)	(40)
PROFIT / (LOSS) BEFORE TAX	(21)	40	71	187
Income tax	-	-	-	-
PROFIT / (LOSS) OF CONTINUING OPERATIONS	(21)	40	71	187
Profit/(loss) for the year of discontinued operations	-	(4)	(4)	(14)
PROFIT / (LOSS) FOR THE PERIOD	(21)	36	67	173
<i>Profit / loss is attributable to:</i>				
Owners	(21)	36	67	173
TOTAL	(21)	36	67	173

STATEMENT OF COMPREHENSIVE INCOME

DKK MILLION	Q3 2018	Q3 2017	9M 2018	9M 2017
Profit / (loss) for the period	(21)	36	67	173
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange adjustments of foreign enterprises	(23)	(73)	(58)	(54)
TOTAL COMPREHENSIVE INCOME / (LOSS)	(44)	(37)	9	119
<i>Comprehensive income / (loss) is attributable to:</i>				
Owners	(44)	(37)	9	119

Balance sheet

ASSETS

DKK MILLION	9 M 2018	9 M 2017	2017
Goodwill	86	94	94
Other intangible assets	25	-	-
INTANGIBLE ASSETS	111	94	94
Land and buildings	1,004	1,045	1,011
Leasehold improvements	116	124	123
Plant and machinery	260	271	257
Other fixtures and fittings, tools and equipment	115	114	111
Property, plant and equipment in progress	184	102	116
PROPERTY, PLANT AND EQUIPMENT	1,679	1,656	1,618
Non-current asset investment	2	5	3
FINANCIAL ASSET INVESTMENTS	2	5	3
Biological assets - basic herd	115	128	118
BIOLOGICAL ASSETS	115	128	118
NON-CURRENT ASSETS	1,907	1,883	1,833
Biological assets - sales herd	221	245	196
Biological assets - Arable, crop production	83	66	53
Inventories	263	233	273
BIOLOGICAL ASSETS AND INVENTORIES	567	544	522
Trade receivables	69	82	76
Receivables from associates	7	7	7
Other receivables	36	59	41
Prepayments	42	34	27
RECEIVABLES	154	183	151
Cash at bank and in hand	101	170	171
Assets held for sale	69	-	74
CURRENT ASSETS	891	896	918
ASSETS	2,798	2,779	2,751

LIABILITIES AND EQUITY

DKK MILLION	9 M 2018	9 M 2017	2017
Share capital	538	531	538
Other reserves	-	-	-
Reserve for exchange adjustments	(549)	(531)	(491)
Retained earnings	1,285	1,262	1,218
Capital and reserves attributable to owners	1,274	1,262	1,265
Non-controlling interests	-	14	-
TOTAL EQUITY	1,274	1,276	1,265
Bond debt	967	1,029	964
Provision for deferred tax	4	5	5
Other provisions	3	2	3
Credit institutions	42	124	68
Subordinated loan from Polen Invest A/S	85	90	90
Deferred income	9	10	9
LONG-TERM LIABILITIES	1,110	1,261	1,139
Credit institutions	157	58	125
Subordinated loan from Polen Invest A/S	24	23	24
Trade payables	103	83	73
Other provisions	-	6	1
Other payables	58	68	42
Deferred income	3	5	8
SHORT-TERM LIABILITIES	345	243	273
Liabilities of disposal group classified as held for sale	69	-	74
LIABILITIES	1,523	1,503	1,486
LIABILITIES AND EQUITY	2,798	2,779	2,751

Statement of changes in equity

9M 2018

DKK MILLION	SHARE CAPITAL	RESERVE FOR EXCHANGE ADJUSTMENTS	RETAINED EARNINGS	EQUITY OWNERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
EQUITY AT 1 JANUARY 2018	538	(491)	1,218	1,265		1,265
Net profit for the period	-	-	67	67	-	67
Other comprehensive income / (loss)	-	(58)	-	(58)	-	(58)
COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	(58)	67	9	-	9
Payments of dividends	-	-	-	-	-	-
EQUITY AT 30 SEPTEMBER 2018	538	(549)	1,285	1,274	-	1,274

9M 2017

DKK MILLION	SHARE CAPITAL	RESERVE FOR EXCHANGE ADJUSTMENTS	RETAINED EARNINGS	EQUITY OWNERS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
EQUITY AT 1 JANUARY 2017	531	(477)	1,164	1,218	14	1,232
Net Profit for the period	-	-	173	173	-	173
Other comprehensive income / (loss)	-	(54)	-	(54)	-	(54)
COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	(54)	173	119	-	119
Payments of dividends	-	-	(75)	(75)	-	(75)
EQUITY AT 30 SEPTEMBER 2017	531	(531)	1,262	1,262	14	1,276

Statement of cash flows

STATEMENT OF CASH FLOWS

DKK MILLION	Q3 2018	Q3 2017	9M 2018	9M 2017
PROFIT/(LOSS)	(21)	36	67	173
Adjustments:				
Financial income and expenses	13	20	42	67
Currency losses	16	20	8	48
Depreciation and amortisation	28	31	88	92
Other adjustments	30	(21)	51	32
Change in working capital	6	38	(67)	(103)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE FINANCIAL INCOME AND EXPENSES	72	123	188	309
Financial income received	1	2	5	4
Financial expenses paid	(15)	(23)	(47)	(71)
CASH FLOWS FROM OPERATING ACTIVITIES	58	103	146	242
Purchase intangible assets	-	-	(30)	-
Purchase property, plant and equipment	(111)	(42)	(220)	(105)
Sale of property, plant and equipment	19	1	34	6
Change of financial investments	1	-	1	-
Sale of fixed asset investments	-	-	1	-
CASH FLOWS FROM INVESTING ACTIVITIES	(91)	(42)	(214)	(99)

STATEMENT OF CASH FLOWS

DKK MILLION	Q3 2018	Q3 2017	9M 2018	9M 2017
Proceeds from borrowings	32	56	155	1269
Repayments of borrowings	(36)	(77)	(147)	(1,221)
Dividend payment	-	(78)	-	(78)
CASH FLOWS FROM FINANCING ACTIVITIES	(4)	(99)	9	(30)
CHANGE IN CASH AND CASH EQUIVALENTS	(35)	(37)	(61)	101
Cash and cash equivalents at opening	140	211	171	75
Exchange adjustment, beginning, cash and cash equivalents	(4)	(4)	(10)	(6)
CASH AND CASH EQUIVALENTS	101	170	101	170

Note 1 - Accounting principles

This interim financial report is prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

The accounting policies are unchanged from those applied in the Annual Report for 2017, to which reference is made, besides as stated below.

Leasehold rights

Payments to take over leases are classified as leasehold rights. Leasehold rights are amortised over the lease term or the useful life if this is shorter. The basis of amortisation is reduced by any write-downs.

As described in the Annual Report for 2017, the income statement is presented partly by function in order to better reflect the management of the Group. EBITDA is considered to be a key financial figure for the group stakeholders, why depreciation and amortisation is presented in one line on the face of the income statement. Income statement split by function is illustrated below:

GROSS PROFIT FULLY SPLIT BY NATURE:

DKK MILLION	9 M 2018	9 M 2017
GROSS PROFIT FULLY SPLIT BY NATURE:		
Gross profit reported	298	446
Staff expenses	128	108
SG&A	(48)	(32)
Gross profit by nature	378	520
INCOME STATEMENT SPLIT BY FUNCTIONS (DEPRECIATION AND AMORTISATION):		
Revenue	1,178	1,327
Cost of goods sold including depreciation and amortisation	(963)	(961)
GROSS PROFIT	215	366
Other operating items	-	-
SG&A, including depreciation and amortisation	(93)	(71)
EBIT	122	295
DEPRECIATION AND AMORTISATION CONSIST OF:		
Amortisation of intangible assets	-	-
Depreciation of tangible assets	(88)	(91)
TOTAL DEPRECIATION AND AMORTISATION	(88)	(91)
DEPRECIATION AND AMORTISATION ARE ALLOCATED AS FOLLOWS:		
Cost of goods sold	(83)	(83)
Sales and administrative costs	(5)	(8)
TOTAL DEPRECIATION AND AMORTISATION	(88)	(91)

Goodvalley has implemented all new and amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 1 January – 31 December 2018. This implementation had no material effect.

Note 2 - Segment information

9M 2018

DKK MILLION	PIG	ARABLE	ENERGY	FOOD	OTHER	NOT ALLOCATED	INTERCOMPANY ELIMINATIONS	TOTAL
Revenue	764	113	59	556	28	-	-	1,520
Revenue - Intracompany eliminations	-	(90)	(18)	-	-	-	(310)	(418)
Change in fair value of biological assets	29	32	-	-	1	-	-	62
Grants and other income	(3)	10	1	2	3	-	-	13
Grants and other income - Intracompany eliminations	-	-	-	-	-	-	1	1
TOTAL INCOME	790	65	42	558	32	-	(309)	1,178
Cost of goods sold (COGS)	(545)	(145)	(46)	(536)	(4)	-	-	(1,276)
COGS Intracompany eliminations	79	0	28	-	1	-	288	396
GROSS PROFIT/(LOSS)	324	(80)	24	22	29	-	(21)	298
SG&A	(43)	(8)	(3)	(28)	(27)	-	-	(109)
SG&A Intracompany eliminations	-	-	-	-	-	-	21	21
EBITDA	281	(88)	21	(6)	2	-	(0)	210
EBITDA before segment eliminations	203	2	11	(6)	1	-	-	-
Depreciation and amortisation	(47)	(14)	(9)	(14)	(5)	-	1	(88)
EBIT	234	(102)	13	(20)	(3)	-	1	122
Net financials						112	(154)	(42)
Exchange rate adjustments						(42)	33	(9)
PROFIT/(LOSS)	234	(102)	13	(20)	(3)	70	(120)	71

GEOGRAPHY

DKK MILLION	REVENUE		ASSETS	
	9M 2018	9M 2017	9M 2018	9M 2017
Poland	578	670	1,115	1,077
Ukraine	291	295	360	299
Russia	125	127	290	406
Rest of world	109	140	-	-
TOTAL	1,102	1,232	1,765	1,782

Note 2 - Segment information

9M 2017

DKK MILLION	PIG	ARABLE	ENERGY	FOOD	OTHER	NOT ALLOCATED	INTERCOMPANY ELIMINATIONS	TOTAL
Revenue	867	111	53	583	27	-	-	1,641
<i>Revenue - Intracompany eliminations</i>	-	(67)	(12)	-	-	-	(330)	(409)
Change in fair value of biological assets	48	21	-	-	(1)	-	-	68
Grants and other income	14	9	1	-	3	-	-	27
<i>Grants and other income - Intracompany eliminations</i>	-	-	-	-	-	-	-	-
TOTAL INCOME	929	74	42	583	29	-	(330)	1,326
Cost of goods sold (COGS)	(555)	(108)	(41)	(573)	(3)	-	-	(1,280)
<i>COGS Intracompany eliminations</i>	77	0	2	-	1	-	319	398
GROSS PROFIT/(LOSS)	451	(34)	3	10	27	-	(11)	445
SG&A	(32)	(2)	(1)	(14)	(24)	-	-	(73)
<i>SG&A Intracompany eliminations</i>	-	-	-	-	-	-	13	11
EBITDA	419	(36)	2	(4)	3	-	2	382
<i>EBITDA Before segment eliminations</i>	342	31	13	(4)	2	-	-	-
Depreciation and amortisation	(46)	(15)	(10)	(13)	(9)	-	2	(91)
EBIT	373	(51)	(8)	(17)	(7)	-	4	295
Net financials						-	(68)	(68)
Exchange rate adjustments						-	(40)	(40)
PROFIT/(LOSS)	373	(51)	(8)	(17)	(7)	-	(104)	187

Note 3 - Biological assets

BIOLOGICAL ASSETS

DKK MILLION	BASIC HERD	SALES	TOTAL
2018			
Opening balance as of 1 January	117	195	312
Movements:			
Purchases	4	1	4
Produced piglets	3	703	706
Gain/loss from change in fair value	(2)	71	69
Sales	(22)	(729)	(751)
Transfer between groups	16	(16)	0
Exchange adjustments	(1)	(5)	(6)
CLOSING BALANCE - VALUES AS OF 30 SEPTEMBER	115	221	335
2017			
Opening balance as of 1 January	121	215	336
Movements:			
Purchases	3	1	4
Produced piglets	6	783	789
Gain/loss from change in fair value	8	80	88
Sales	(26)	(810)	(837)
Transfer between groups	20	(20)	0
Exchange adjustments	(5)	(5)	(10)
CLOSING BALANCE - VALUES AS OF 30 SEPTEMBER	128	245	372

The value for produced piglets are calculated as the value of weaners at standard rates.

Fair value gains comprises changes as a consequence of biological growth and price changes.

Disposals from sales and transfer amounts are calculated using the fair value per unit at the time of the sales or transfer. Transfer between groups covers pigs transferred to own breeding as young females.

Herd provided as security for loan from credit institution amounts to DKK 0 million at 30 September 2018 (30 September 2017: DKK 52 million).

BIOLOGICAL ASSETS

DKK MILLION	9 M 2018	9 M 2017
Arable, crop production		
Opening balance as of 1 January	53	49
Purchases	141	113
Gain/(loss) from change in fair value	(12)	20
Harvest	(99)	(114)
Exchange adjustments	(1)	(1)
CLOSING BALANCE	83	66
Numbers of Hectares harvested	20,471	19,489
Numbers of Hectares seeded as of closing balance	9,669	7,737

Note 4 - Obligor Group

BOND TERMS

Issuer	Goodvalley A/S
Security package:	First ranking security over material assets and share pledges
Original Guarantors:	Goodvalley A/S, Finansax ApS, Goodvalley Agro SA, Goodvalley Sp. Z o.o. and Goodvalley Ukraine LLC
Status of the bond:	Senior secured
Currency:	EUR
Initial debt amount:	EUR 135 million
Total framework:	EUR 270 million
Other facilities:	Super senior RCF up to DKK 125 million, governed under an inter-creditor agreement with bond-holders. Basket of DKK 80 million for factoring.
Tenor:	4 years
Pricing:	3m EURIBOR + 450bps p.a., quarterly interest payments, EURIBOR floor of 0.0 %
Rating:	Unrated
Call options:	Non call during the first 24 months, then 50/25/0 % of initial coupon after 24/36/42, month respectively.
Incurrence test:	NIBD/EBITDA LTM fixed herd price (net leverage) of < 2.75x for any additional debt raised.
Restricted payments:	Dividends or cash contributions to Restricted Subsidiaries are payable up to Net Leverage of < 2.75x
Information covenant:	Annual audited statements, quarterly unaudited reports.
General undertakings:	Inter alia restrictions on distributions, mergers, demergers, acquisitions, disposals, financial indebtedness, negative pledge, financial support, subsidiary distribution customary for a HY bond.
Change of control:	Investor put at 101 %
Equity claw:	35%
Listing of bonds:	Nasdaq Copenhagen.
Trustee:	Nordic Trustee.
Governing law:	Danish law.

Note 5 - Seasonality

The Group's business segments are influenced by seasonal fluctuations relating to the arable segment, where the Group's main activities historically are generated in Q3 based on the harvest. Revenue and operating profit before tax thus vary in the various reporting periods for which reason they are not necessarily indicative of future trends. The results of the individual quarters are therefore not reliable sources in terms of projecting the Group's development and full year earnings.

Note 6 - Related parties transactions

The Group has obtained a subordinated loan from the Parent company; Polen Invest A/S, with a balance of DKK 109 million at 30 September 2018 (balance at 30 September 2017: DKK 113 million). For the 9 month ended the Group has repaid DKK 5 million (9M 2017: DKK 0) as part of the annual repayment. The Company intend to repay the loan partly during last quarter of 2018, if the financial position of the Company allows it. The loan carries interest, and the interest for 9M 2018 amounts to DKK 4 million (9M 2017: DKK 3 million).

Note 7 - Events after the balance sheet date

On 11 October 2018, Goodvalley successfully completed the sale of the disposal group in Krasnodar, Russia. All assets and liabilities related to the disposal group has been reported as held for sale in the balance sheet at a net amount of DKK 0. The sale is expected to result in a reversal of impairment losses of DKK 7 million after cost for selling and will be included in discontinued operations in Q4.

Glossary

GENERAL

Group

Goodvalley A/S, Finansax ApS, Goodvalley Agro SA, Goodvalley Sp. Z o.o. and Goodvalley Ukraine LLC.

PRODUCTION

ASF

African swine fever.

Arable stock, WIP

The arable stock in the fields which is not yet harvested.

Basic herd

The part of the pig herd, which consists of sows, maiden gilts and boars.

Bio assets

Biological assets (mainly pigs and crops).

Bioenergy

Energy produced based on biological resources.

Biosecurity

Level of measures taken to prevent infection by contagious diseases.

Certificates on biogas

Energy units used for calculating extra price for sold kWh on top of market price (based on political decisions).

Crop split

The split between the different types of crops grown in the fields.

Cultivated land

Land used for crop production.

Efficiency

Measurable technical results from the production.

Feed conversion ratio

Kilo of feed used for one kilo meat produced (live weight).

Live weight

Weight of the pig before slaughtering and deboning.

Modified Atmosphere Packaging (MAP)

A packing method where the products are packed in a sealed and protected atmosphere to increase the period from manufacturing to last sales date.

Meat-to-feed ratio

Price of one kilo meat (carcass weight) divided by the price of one kilo feed.

Oil seeds

Crops that contain oil. Typically rape seed, soya and sunflower.

Piglets

Pigs in farrowing before they are weaned from the sow.

Pig price

Price per kilo pig meat in carcass weight.

Pigs sold per sow

Pigs born per sow in period adjusted for mortality rate in the period and annualized.

Processed products

Meat products which have been cooked, smoked or salted.

Raised without antibiotics (RWA)

Pigs that have been raised without exposure to antibiotics from birth till slaughter.

Sales herd

The part of the pig herd that consist of piglets, weaners and slaughter pigs.

Carcass weight

Weight of the pig in kilos of meat after slaughtering and deboning.

Slaughter pigs

Pigs from 30 kilo live weight to slaughter (app. 120 kilo).

Weaners

A pig in the period between weaning from the sow and slaughter pig (approximately 6.5-30 kilo).

GOODVALLEY

Since



1994

Home of Quality

We work for a better tomorrow

We will achieve this by these five guiding principles

We improve our work environment to be the preferred local workplace

We reduce our use of resources and limit our environmental impact

We deliver high quality products and aim to improve animal and human health

We impact consumer awareness to create a pull towards sustainable food consumption

We strengthen our traceability to locate the origin of our products

Goodvalley is a vertically integrated food producer with operations within pig farming, slaughtering and meat processing, arable and feed mills as well as biogas production. Headquartered in Denmark, we operate modern facilities with the most advanced technology and farming methods in Poland, Ukraine and Russia. We apply Danish pig farming principles of sustainability and efficiency in countries with less expensive land prices, oversupply of crops, lower labour costs and prospects of meat consumption and pig price increases.

This interim report was released through Nasdaq Copenhagen as company announcement no. 16/2018.

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